Stock Code: 8215

BENQ MATERIALS CORPORATION

Parent Company Only Financial Statements With Independent Auditor's Report

For the Years Ended December 31, 2023 and 2022

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

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Table of Contents

Independent Auditor's Report

To The Board of Directors of BenQ Materials Corporation,

Opinions on the audit

We have audited the Balance Sheets of BenQ Materials Corporation as of December 31, 2023 and 2022, the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to Parent Company Only Financial Statements (including Summary of Material Accounting Policies) for the annual period from January 1 to December 31, 2023 and 2022.

In our opinion, the aforementioned Parent Company Only Financial Statements present fairly, in all material respects, the individual financial position of BenQ Materials Corporation as of December 31, 2023 and 2022, and its individual financial performance and cash flows for the annual periods ended December 31, 2023 and 2022 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis of opinions on the audit

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants Engaged and Auditing Standards. Our responsibility under those standards will be further described in the section titled "The Accountants' Responsibilities in Auditing the Parent Company Only Financial Statements." We have stayed independent from BenQ Materials Corporation as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 Parent Company Only Financial Statements of BenQ Materials Corporation. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole and in forming our opinion thereon, we do not provide a separate opinion on these matters individually. The accountant's judgment should communicate the key audit matters on the audit report as follows:

1. Inventory Valuation

   For the accounting policies of inventories, please refer to Note 4 (7) of the Parent Company Only Financial Statements; For the accounting estimates of the inventory evaluation and the description of the uncertainty of the assumptions, please refer to Note 5 of the Parent Company Only Financial Statements; For the description of important accounting items in inventories, please refer to Note 6 (6) of the Parent Company Only Financial Statements.

Description of Key Audit Matters:

Inventories of BenQ Materials Corporation are mainly film sheet products. Inventory is measured by the lower of cost and NRV. As BenQ Materials Corporation's inventory is easily affected by the market demand of the products used and the yield rate of the production process, resulting in sluggish or falling prices, inventory evaluation is one of the important evaluation items for the accountants to perform the review of Parent Company Only Financial Statements.

Our audit procedures performed in respect of the above area included the following:

The accountant's main audit procedures for the above key audit matters include reviewing the inventory age report and analyzing the changes in the inventory age in each period; sampling and testing the inventory cost and net realizable value provided by BenQ Materials Corporation, as well as the inventory age report, reviewing the management and sales meeting to evaluate the situation of inventory depletion; evaluating whether the assessment of inventory has been in accordance with the accounting policies established by BenQ Materials Corporation; performing inventory retrospective testing to verify the rationality of the provision of bad debt losses.

2. Acquisition of subsidiaries

Please refer to Note 4 (19) of the Parent Company Only Financial Statements for the accounting policies of business mergers; Please refer to Note 6 (7) of the Parent Company Only Financial Statements for descriptions of material accounting items of the new acquisition of subsidiaries.

Description of Key Audit Matters:

On January 3, 2023 (the merger date), the BenQ Materials Corporation acquired a 51% equity in Web-Pro Co., Ltd. (hereinafter referred to as Web-Pro) from its shareholders by a total amount of NT$3,161,999 thousand, thereby obtaining control over the company. In accordance with the accounting treatment for business mergers, the management must determine the fair value of identifiable assets acquired and liabilities assumed. This process involves various assumptions and estimates and is complex. Therefore, the new acquisition of subsidiaries in this period represents one of the important evaluation items for us when performing auditing work of the Parent Company Only Financial Statements.

Our audit procedures performed in respect of the above area included the following:

Our main audit procedures for the above key audit matters include reviewing the equity purchase agreement signed by both parties to understand the scope of the acquisition and the agreed purchase price; verifying the payment of the transaction price had been duly paid by examining the bank statements; obtaining reports on the fair value assessment of the properties and intangible assets, as well as the allocation of the purchase price, which were conducted by external experts commissioned by the management; assessing the reasonableness of the assets and liabilities identified by the management on the merger date and their valuation; engaging external experts to review the valuation report of the fair value of properties and assess the reasonableness of the valuation approaches, relevant parameters, and price determination rationale adopted in the valuation report; engaging the firm's valuation specialists to assess the reasonableness of the valuation approaches and significant assumptions adopted in the fair value assessment of intangible assets. Additionally, we evaluated the accuracy of the accounting entries made by BenQ Materials Corporation and ensured proper disclosure of relevant information regarding the acquisition.

The Management's Responsibility and Governing Body of the Parent Company Only Financial Statements

It is the management's responsibility to fairly present the Parent Company Only Financial Statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and to maintain internal controls which are necessary for the preparation of the Parent Company Only Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing for the Parent Company Only Financial Statements, responsibilities of the management also included assessment of the capacity to continue operation, disclosure of related matters and the accounting approaches to be adopted when the Company continues to operate unless the management intends to liquidate or suspend the business of BenQ Materials Corporation if there was not any other option except liquidation or suspension of the Company's business.

The governing bodies of BenQ Materials Corporation (including the Audit Committee) have the responsibility to oversee the process by which the financial statements are prepared.

The Accountants' Responsibilities in Auditing the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance on whether the Parent Company Only Financial Statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance refers to high level of assurance. Nevertheless, our audit, which was carried out in accordance with the auditing standards, does not guarantee that a material misstatement(s) will be detected in the . Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Parent Company Only Financial Statements.

We have utilized our professional judgment and professional skepticism when performing auditing work in accordance with the auditing standards. We also:

1. Identified and evaluated the risk of a material misstatement(s) due to fraud or errors in the Parent Company Only Financial Statements; designed and carried out appropriate countermeasures for the assessed risks; and obtained sufficient and appropriate evidence as the basis for the audit report. The risk of not detecting a significant misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

2. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of BenQ Materials Corporation.

3. Assess the appropriateness of the accounting policies adopted by the management level, as well as the reasonableness of their accounting estimates and relevant disclosures.

4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where events or conditions that might cast significant doubt on the ability of BenQ Materials Corporation to continue as going concerns. If we believe there are events or conditions indicating

the existence of a material uncertainty, we are required to remind the users of the Parent Company Only Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion when any inappropriate disclosure was found. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause BenQ Materials Corporation to cease to continue as a going concern.

5. Evaluated the overall presentation, structure, and content of the Parent Company Only Financial Statements (including the related notes), and determined whether the Parent Company Only Financial Statements present related transactions and events fairly.

6. Acquire sufficient and appropriate audit evidence for the financial information of the investee company that adopts the equity method to express opinions on Parent Company Only Financial Statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion on BenQ Materials Corporation.

We communicate with those charged with governing body regarding, among other matters, the planned scope and timing of the audit and material audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided governing bodies with a declaration that we had complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that might possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with those charged with governing body, we determined the key audit matters of the Parent Company Only Financial Statements of BenQ Materials Corporation of 2023. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

KPMG Taiwan

CPA:

Approved audit number ：FSC (6) No. 0940100754

FSC (audited) No. 1060005191

February 22, 2024

Notice to Readers

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

BenQ Materials Corporation

Balance Sheet
December 31, 2023 and 2022
Unit: NT$ thousand

		2023.12.31		2022.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6 (1))	$ 291,525	2	347,022	2
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))	61,027	-	17,316	-
1120	Financial assets at fair value through other comprehensive income - current (Note 6 (3))	63,840	-	54,549	-
1170	Notes and accounts receivable, net amount (Notes 6 (4) and (19))	1,649,510	10	1,902,450	14
1180	Notes and accounts receivable - related parties net amount (Notes 6 (4), (19) and 7)	1,246,040	7	917,223	7
1200	Other receivables (Notes 6 (5) and 7)	77,173	1	138,623	1
1210	Other receivables - related parties (Notes 6 (5) and 7)	7,548	-	1,703	-
1310	Inventories, net amount (Note 6 (6))	2,815,824	16	2,322,850	17
1479	Other current assets	191,638	1	155,860	1
1476	Other financial assets - current (Note 8)	9,675	-	10,464	-
	Total current assets	6,413,800	37	5,868,060	42
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (3))	96,007	1	96,504	1
1550	Investments accounted for using equity method (Note 6 (7))	5,354,418	31	3,168,041	22
1600	Property, plant, and equipment (Notes 6 (9), 7, and 8)	4,726,510	27	4,010,841	29
1755	Right-of-use asset (Note 6 (10))	420,564	3	523,043	4
1780	Intangible assets (Notes 6 (11) and 7)	22,428	-	22,309	-
1840	Deferred tax assets (Note 6 (16))	197,378	1	220,538	2
1920	Guarantee deposits paid	7,402	-	6,919	-
1995	Other non-current assets	12,039	-	13,255	-
	Total non-current assets	10,836,746	63	8,061,450	58
	Total assets	$ 17,250,546	100	13,929,510	100

(Please refer to the attached notes to the Parent Company Only Financial Statements)

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

BenQ Materials Corporation

Balance Sheet (continued)
December 31, 2023 and 2022
Unit: NT$ thousand

		2023.12.31		2022.12.31	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6 (12))	$ 1,490,000	9	1,051,460	8
2120	Financial liabilities at fair value through profit or loss - current (Note 6 (2))	-	-	1,800	-
2170	Accounts payable	2,608,487	15	2,438,302	18
2180	Accounts payable - related parties (Note 7)	647,230	4	895,740	6
2200	Other payables (Note 6 (20))	1,012,221	6	1,224,047	9
2220	Other payables - related parties (Note 7)	24,451	-	51,573	-
2320	Long-term borrowings due within one year (Note 6 (13))	381,943	2	181,486	1
2281	Lease liabilities - current (Note 6 (14))	5,796	-	6,966	-
2282	Lease liabilities - related parties - current (Notes 6 (14) and 7)	93,401	-	91,746	1
2300	Other current liabilities (Note 6 (19))	154,817	1	143,327	1
	Total current liabilities	6,418,346	37	6,086,447	44
	Non-current liabilities:				
2540	Long-term borrowings (Notes 6 (13) and 8)	4,416,898	26	1,084,002	8
2570	Deferred tax liabilities (Note 6 (16))	259,585	1	252,241	2
2581	Lease liabilities - non-current (Note 6 (14))	36,421	-	42,217	-
2582	Lease liabilities - related parties - non-current (Notes 6 (14) and 7)	289,379	2	382,780	3
2600	Other non-current liabilities (Notes 6 (13) and (15))	33,687	-	33,323	-
	Total non-current liabilities	5,035,970	29	1,794,563	13
	Total liabilities	11,454,316	66	7,881,010	57
	Equity (Notes 6 (8) and (17)):				
3110	Common stock	3,206,745	19	3,206,745	23
3200	Capital reserve	192,352	1	192,352	1
	Retained earnings:				
3310	Legal reserve	540,821	3	414,305	3
3320	Special reserve	68,835	-	103,309	1
3350	Undistributed earnings	1,880,161	11	2,200,624	16
3400	Other equity	(92,684)	-	(68,835)	(1)
	Total equity	5,796,230	34	6,048,500	43
	Total liabilities and equity	$ 17,250,546	100	13,929,510	100

(Please refer to the attached notes to the Parent Company Only Financial Statements)

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

BenQ Materials Corporation

Statements of Comprehensive Income
From January 1 to December 31, 2023 and 2022
Unit: NT$ thousand

Code	Item	2023 Amount	2023 %	2022 Amount	2022 %
4000	**Operating revenue (Notes 6 (19) and 7)**	$ 14,003,908	100	14,780,630	100
5000	**Operating costs (Notes 6 (6), (9), (10), (11), (14), (15), (20), 7 and 12)**	(11,905,042)	(85)	(12,415,438)	(84)
	Gross operating profit	2,098,866	15	2,365,192	16
5910	Realized (unrealized) sales profit and loss	41,497	-	(51,306)	-
	Realized operating profit and loss	2,140,363	15	2,313,886	16
	Operating expenses (Notes 6 (4), (9), (10), (11), (14), (15), (20), 7 and 12)				
6100	Selling expenses	(619,022)	(4)	(675,786)	(4)
6200	Administrative expenses	(217,720)	(2)	(245,162)	(2)
6300	Research and development expenses	(885,170)	(6)	(851,156)	(6)
	Total operating expenses	(1,721,912)	(12)	(1,772,104)	(12)
	Net Operating Income	418,451	3	541,782	4
	Non-operating income and expenses (Notes 6 (7), (13), (14), (21) and 7)				
7100	Interest revenue	8,484	-	486	-
7010	Other revenue	19,863	-	6,602	-
7020	Other gains and losses	(8,417)	-	33,463	-
7050	Financial costs	(120,956)	(1)	(50,690)	-
7070	Shares of profits of subsidiaries and associates accounted for using the equity method	153,270	1	949,708	6
		52,244	-	939,569	6
	Profit before tax	470,695	3	1,481,351	10
7950	**Less: Income tax expense (Note 6 (16))**	(56,343)	-	(185,681)	(1)
	Net profit for the current period	414,352	3	1,295,670	9
	Other comprehensive income:				
8310	**Items that will not be reclassified to profit or loss (Notes 6 (7), (15) and (17))**				
8311	Remeasurement of defined benefit plans	5,979	-	(5,718)	-
8316	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	8,794	-	(5,895)	-
8330	Share of other comprehensive income from subsidiaries accounted for using the equity method	50	-	440	-
8349	Income tax related to items that will not be reclassified	-	-	-	-
		14,823	-	(11,173)	-
8360	**Items that may be reclassified subsequently to profit or loss (Note 6 (17))**				
8361	Exchange differences arising on translation of financial statements of foreign operations	(38,672)	-	45,647	-
8399	Income tax related to items that may be reclassified	-	-	-	-
		(38,672)	-	45,647	-
	Other comprehensive income for the year	(23,849)	-	34,474	-
8500	**Total comprehensive income for the year**	**$ 390,503**	**3**	**1,330,144**	**9**
	Earnings per share (Unit: NT$, Note 6 (18))				
9750	**Basic earnings per share**	**$ 1.29**		**4.04**	
9850	**Diluted earnings per share**	**$ 1.28**		**3.97**	

(Please refer to the attached notes to the Parent Company Only Financial Statements)

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

BenQ Materials Corporation

Statements of Changes in Equity
From January 1 to December 31, 2023 and 2022
Unit: NT$ thousand

	Common stock	Capital reserve	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Undistributed earnings	Retained earnings: Total	Other equity items: Exchange differences arising on translation of financial statements of foreign operations	Other equity items: Unrealized profits and losses of financial assets at fair value through other comprehensive income	Other equity items: Remeasurement of defined benefit plans	Other equity items: Total	Total equity
Balance as of January 1, 2022	$ 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
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 share	-	-	-	-	(481,012)	(481,012)	-	-	-	-	(481,012)
Change in capital surplus from investments in subsidiaries accounted for using equity method	-	186,544	-	-	-	-	-	-	-	-	186,544
Difference between prices of shares acquired from subsidiaries and book value	-	-	-	-	(30,506)	(30,506)	-	-	-	-	(30,506)
Net profit	-	-	-	-	1,295,670	1,295,670	-	-	-	-	1,295,670
Other comprehensive income	-	-	-	-	-	-	45,647	(5,895)	(5,278)	34,474	34,474
Total comprehensive income for the year	-	-	-	-	1,295,670	1,295,670	45,647	(5,895)	(5,278)	34,474	1,330,144
Balance as of December 31, 2022	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
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 share	-	-	-	-	(641,349)	(641,349)	-	-	-	-	(641,349)
Change in capital surplus from investments in subsidiaries accounted for using equity method	-	-	-	-	(301)	(301)	-	-	-	-	(301)
Difference between prices of shares acquired from subsidiaries and book value	-	-	-	-	(1,123)	(1,123)	-	-	-	-	(1,123)
Net profit	-	-	-	-	414,352	414,352	-	-	-	-	414,352
Other comprehensive income	-	-	-	-	-	-	(38,672)	8,794	6,029	(23,849)	(23,849)
Total comprehensive income for the year	-	-	-	-	414,352	414,352	(38,672)	8,794	6,029	(23,849)	390,503
Balance as of December 31, 2023	**$ 3,206,745**	**192,352**	**540,821**	**68,835**	**1,880,161**	**2,489,817**	**(44,495)**	**(20,011)**	**(28,178)**	**(92,684)**	**5,796,230**

(Please refer to the attached notes to the Parent Company Only Financial Statements)

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

BenQ Materials Corporation

Statements of Cash Flows
From January 1 to December 31, 2023 and 2022
Unit: NT$ thousand

		2023	2022
Cash flows from operating activities:			
Profit before tax for the year	$	470,695	1,481,351
Adjusted items:			
Depreciation expenses		527,790	465,399
Amortization expenses		33,522	39,519
Expected credit losses (reverse benefits)		(12,199)	14,138
Valuation profit on financial liabilities measured at fair value through net profit or loss		(45,511)	(18,969)
Interest expenses		120,956	50,690
Interest revenue		(8,484)	(486)
Dividend revenue		(3,024)	(1,680)
Shares of profits of subsidiaries and associates accounted for using the equity method		(153,270)	(949,708)
Losses on disposal of property, plant and equipment		-	12,924
Profits from disposal of investment using equity method		-	(64,099)
(Realized) unrealized sales profits		(41,497)	51,306
Amortization of deferred expenses transferred to expenses		90,584	119,540
Amortization of syndication fee costs		1,712	3,773
Total adjustments to reconcile profit (loss)		510,579	(277,653)
Changes in operating assets/liabilities:			
Net changes in assets related to operating activities:			
Notes and accounts receivable		270,934	103,004
Accounts receivable - related parties		(272,073)	208,388
Other receivables		(1,089)	(814)
Other receivables - related parties		(5,845)	581
Inventory		(492,974)	164,183
Other current assets		(119,216)	(122,065)
Total net changes in assets related to operating activities		(620,263)	353,277
Net changes in liabilities related to operating activities:			
Accounts payable		170,185	(616,080)
Accounts payable - related parties		(248,510)	448,001
Other payables		(221,457)	21,869
Other payables - related parties		(27,122)	25,230
Other current liabilities		11,490	53,133
Net defined benefit liabilities		(1,736)	(1,966)
Total net changes in liabilities related to operating activities		(317,150)	(69,813)
Total net changes in assets and liabilities related to operating activities		(937,413)	283,464
Total adjustment items		(426,834)	5,811
Cash inflow generated from operations		43,861	1,487,162
Interests received		8,484	486
Interests paid		(119,347)	(49,043)
Income tax paid		(83,996)	(179,989)
Net cash (outflow) inflow from operating activities		(150,998)	1,258,616

(Continued)

(Please refer to the attached notes to the Parent Company Only Financial Statements)

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

BenQ Materials Corporation

Statements of Cash Flows (continued)
From January 1 to December 31, 2023 and 2022
Unit: NT$ thousand

	2023	2022
Cash flows from investing activities:		
Acquisition of Financial assets at fair value through other comprehensive income	-	(92,271)
Acquisition of investment using the equity method	(3,166,541)	(180,706)
Disposal of investment using the equity method	-	83,749
Return of capital from investments accounted for using the equity method due to capital reduction	641,550	-
Acquisition of property, plant, and equipment	(1,079,891)	(891,437)
Disposal of property, plant, and equipment	-	200
(Increase) decrease in guarantee deposits paid	(483)	2,532
Acquisition of intangible assets	(33,161)	(28,192)
(Increase) decrease in other financial assets	789	(4,551)
Increase in other non-current assets	(3,032)	(14,860)
Dividends received	496,359	251,015
Net cash outflows from investing activities	(3,144,410)	(874,521)
Cash flows from financing activities:		
Increase in short-term borrowings	438,540	474,660
Proceeds from long-term borrowings	5,986,200	360,350
Repayments of long-term borrowings	(2,444,480)	(400,000)
Increase (decrease) in guarantee deposits received	(288)	300
Repayments of lease principal	(98,712)	(99,091)
Issuance of cash dividends	(641,349)	(481,012)
Net cash inflow (outflow) from financing activities	3,239,911	(144,793)
Increase (decrease) in cash and cash equivalents for the year	(55,497)	239,302
Cash and cash equivalents at beginning of the year	347,022	107,720
Cash and cash equivalents at end of the year	$ **291,525**	**347,022**

(Please refer to the attached notes to the Parent Company Only Financial Statements)

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

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 are manufacturing and sales of film sheet products and medical equipment.

2. Date and Procedures of Authorization of Financial Statements

The Parent Company Only Financial Statements were published upon approval by the Board of Directors on February 22, 2024.

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

a. The Impact of Adopting Newly Released and Revised Standards and Interpretations Endorsed by the Financial Supervisory Commission (hereinafter referred to as "FSC")

The Company has been applied to the application of the newly recognized IFRSs specified above will not have a material impact on the Parent Company Only Financial Statements since January 1, 2023.

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction"

The Company has been applied to the application of the newly recognized IFRSs specified above will not have a material impact on the Parent Company Only Financial Statements since May 23, 2023.

- Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"

b. Impacts of IFRSs endorsed by FSC that are not adopted yet

The Company evaluates that the application of the following newly endorsed IFRSs amended since January 1, 2024, will not have a material impact on the Parent Company Only Financial Statements.

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

c. Newly issued and amended standards and interpretations yet to be endorsed by the FSC

The Company expects that the following newly issued and revised standards that have not yet been approved by the FSC will not have a significant impact on the Parent Company Only Financial Statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 17 "Insurance Contract"
- Amendments to IAS 21 "Lack of Exchangeability"

4. Summary of Material Accounting Policies

The summary of the material accounting policies used in the Parent Company Only Financial Statements is described below. The following accounting policies have been consistently applied to all periods of the Parent Company Only Financial Statements.

a. Statement of compliance

The Parent Company Only Financial Statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter refer to as the Regulations).

b. Basis of preparation

1) Basis of measurement

The Parent Company Only Financial Statements have been prepared on a historical cost basis except for the following significant accounts:

a) Financial instruments (including derivative financial instruments) measured at fair value through profit and loss;

b) Financial assets at fair value through other comprehensive income; and

c) Net defined benefit liabilities (or assets) are measured by determining the present value of the benefit obligation, the net amount after deducting the fair value of pension assets, and the upper limit of the number of influences mentioned in Note 4 (17).

2) Functional Currency and Presentation Currency

The Company takes the currency of the primary economic environment in which it operates as the functional currency. The Parent Company Only Financial Statements were expressed in New Taiwan Dollars, the Company's functional currency. The unit for all amounts expressed are in thousands of NTD unless otherwise stated.

c. Foreign currency

1) Foreign currency transactions

Transactions in foreign currency are translated into the functional currency at exchange rates prevailing at the transaction dates. At the terminal date of each subsequent reporting period (hereinafter referred to as reporting date). Monetary items in foreign currency are translated into functional currency according to the exchange rate of the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate prevailing at the date when the fair value was determined. Non-monetary assets and liabilities in a foreign currency that are measured at historical cost are retranslated using the exchange rates prevailing at the transaction dates.

Foreign currency exchange differences arising from conversion are generally recognized in profit or loss, but equity instruments designated as fair value through other comprehensive income are recognized in other comprehensive income.

2) Foreign operating agency

The assets and liabilities of foreign operation, including the business reputation and fair value adjustment are translated into functional currency according to the exchange rate on the reporting date; the income and expense items are converted into the expression currency of the Parent Company Only Financial Statements based on the average exchange rate of the current period. And the exchange difference amount will be recognized as other comprehensive incomes.

Upon disposal of a foreign operating organization results in loss of control or significant influence, the accumulated exchange differences related to the foreign operating organization are fully reclassified as profit or loss. When partially disposing of subsidiaries containing foreign operation, the cumulative exchange difference amount will be re-attached to non-controlling equity according to proportion. When partially disposing of associates or joint investments containing foreign operation, the cumulative exchange difference amount will be re-classified into profit or loss according to proportion.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the related foreign exchange gains and losses are a part of net investment in that foreign operation and thereon are recognized as other comprehensive income.

d. Assets and liabilities classified as current and non-current

The Company shall classify an asset as current when:

1) It is expected to be realized when the Company is operating, or intended to be sold or consumed in the normal operating cycle;

2) Assets are held primarily for trading purposes;

3) It is expected to be realized within twelve months after the reporting period; or

4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company shall classify all other assets as non-current. The Company shall classify a liability as current when:

1) It is expected to be settled in the normal operating cycle;

2) Liabilities held primarily for trading purposes;

3) The liability is expected to be realized within twelve months after the reporting period; or

4) Liabilities that do not have the right to unconditionally defer the repayment period to at least twelve months after the reporting period. The liabilities provisions may be settled by issuing equity instruments at the option of the counterparty, and will not impact its classification.

e. Cash and Cash Equivalents

Cash includes cash on hand, check deposits and demand deposits. Cash equivalents refer to the short-term and highly liquidity investment that can be converted into quota cash at any time with little risk of value change. Time deposits are classified as cash equivalents only when they satisfy the aforementioned definition, and the purpose of holding is to meet the short-term cash commitments rather than investment or other purposes.

f. Financial Instruments

The accounts receivable and debt securities issued were originally recognized when they were generated. All other financial assets and financial liabilities were recognized when the Company became a party to the financial instrument contract. Financial assets that are not measured at fair value through profit or loss (other than accounts receivable that do not contain a significant financing component) or financial liabilities are originally measured at fair value plus the transaction costs directly attributable to the acquisition or issuance. The accounts receivable that does not contain a significant financing component are measured at transaction prices.

1) Financial assets

At the time of initial recognition, financial assets are classified into: Financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive gains and losses, and financial assets measured at fair value through profit or loss. When purchasing or selling financial assets according to transaction practice, accounting treatment on the transaction date is adopted.

The Company shall reclassify all the affected financial assets from the first day of the next reporting period only when changing the business model for managing financial assets.

a) Financial assets measured at amortized cost

When financial assets meet the following conditions and not designated at fair value through profit or loss, they are measured at amortized cost:

- The financial assets are held under the operation mode with the purpose of collecting contract cash flow.
- The contract terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of the principal and the amount of principal in circulation.

After the initial recognition of these assets, the effective interest rate method is adopted to measure the amortized cost minus the impairment loss. Interest income, foreign exchange profit or loss, and impairment loss are recognized in profit and loss. When derecognition, gain or loss is recognized in profit and loss.

b) Financial assets at fair value through other comprehensive income

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

- The contract terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of the principal and the amount of principal in circulation.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Investors who are debt instruments are subsequently measured at fair value. Interest income, foreign currency exchange gains and losses and impairment losses calculated according to the effective interest method are recognized in profit and loss, and the remaining net gains or losses are recognized as other comprehensive gains and losses. At the time of derecognition, the accumulated other comprehensive income under equity is reclassified to profit or loss.

Equity instrument investors shall be measured at fair value subsequently. Dividend income (unless it clearly represents the recovery of part of the investment cost) is recognized in profit and loss. The remaining net profits or losses are recognized as other comprehensive income. At the time of derecognition, other comprehensive income accumulated under equity are reclassified to retained earnings instead of to profits or losses.

The dividend income of equity investment shall be recognized on the date when the Company is entitled to receive dividends (usually the ex-dividend date).

c) Financial assets at fair value through profit or loss

Financial assets other than the aforementioned financial assets measured at amortized cost or financial assets at fair value through other comprehensive gains and losses are measured at fair value through profit and loss, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or measured at fair value through other comprehensive income, as at fair value through profit and loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value, and net profits and losses (including dividend and interest incomes) originated from remeasurement are recognized in profit or loss.

d) Evaluate whether the contractual cash flow is entirely the interest of the payment of the principal and the amount of principal in circulation

According to the purpose of the evaluation, the principal is the fair value of the financial asset upon initial recognition and the interest is comprised of the following considerations: time value of money, credit risk associated with outstanding principal amounts in the period, other basic lending risks and costs, and profit margins.

When evaluating whether the contractual cash flows consist entirely of payments of the principal and interest on the principal amount outstanding, the Company considers the contractual terms of financial instruments including evaluations on whether financial assets include a provision in the contract that changes the timing or amount of the contractual cash flows in a way that would cause it not to meet this condition. When evaluating, the Company considers the following:

- Any contingency that changes the timing or amount of the contractual cash flows;
- Terms that may adjust the coupon rate of the contract including the characteristics of floating interest rates;
- Attributes of prepayments and deferrals; and
- The Company's claim is limited to the terms of the cash flows from specific asset (e.g., non-recourse terms).

e) Impairment of financial assets

The Company recognizes an allowance loss for expected credit losses of financial assets (including cash and cash equivalents, notes and accounts receivable, other receivables, deposits, and other financial assets, etc.) measured at amortized cost.

The loss allowance of the following financial assets is measured based on the expected credit losses amount in 12 months, and the remaining are measured based on the lifetime expected credit loss amount:

- The credit risk of bank deposits (that is, the risk of default during the expected lifetime of financial instruments) has not increased significantly since initial recognition.

The allowance loss for accounts receivable is measured by the amount of expected credit loss during the duration.

Lifetime expected credit loss refers to the expected credit loss out of all possible defaults during the expected survival period of financial instruments.

Twelve-month expected credit loss refers to the expected credit loss (or a shorter period, if the expected duration of the financial instrument is shorter than twelve months) incurred by a financial instrument that may default within twelve months after the reporting date.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. The information includes both quantitative and qualitative information and analysis based on the Company's historical experience and credit assessment, as well as forward-looking information.

Expected credit loss refers to the weighted estimate of credit loss probability during the expected survival period of financial instruments. The credit loss is measured by the present value of all cash shortfall, namely the difference between the cash flow that the Company can collect according to the contract and the expected cash flow that the Company will receive. Expected credit loss is discounted at the effective interest rate of financial assets.

The loss allowance of financial assets measured through amortized cost is deducted from the carrying amount of assets.

When the Company cannot reasonably expect the whole or part of the recovered financial assets, it directly reduces the total carrying amount of its financial assets. The Company analyzes the timing and amount of the write-off individually on the basis of whether it can reasonably be expected to be recovered. The Company expects that the amount written off will not be materially reversed. However, the written-off financial assets can still be enforced to comply with the procedures for the Company to recover the overdue amount. Based on the Company's experience, overdue amount cannot be recovered after passing due 90 days.

f) Derecognition of financial assets

The Company only terminates the contractual rights from the cash flow of the asset, or the financial asset has been transferred and almost all the risks and rewards of the ownership of the asset have been transferred to other companies, or almost no ownership has been transferred or retained. When all risks and rewards are not kept under the control of the financial assets, the financial assets are derecognized.

When the Company signs a transaction to transfer financial assets, if it retains all or almost all risks and rewards of ownership of the transferred assets, it will continue to be recognized on the balance sheet.

2) Financial liabilities and equity instruments

a) Classification of liabilities or equities

Debt and equity instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument refers to any contract that recognizes the remaining equity after deducting all liabilities from the assets of the Company. The equity instrument issued by the Company shall be recognized by the payment net of the direct cost of issuance.

b) Financial liabilities

Financial liabilities are classified as amortized costs or the fair value measurement through profit or loss. Financial liabilities, if held for trading, derivatives or designated at the time of initial recognition, are classified as the fair value measurement through profit or loss. Financial liabilities measured at fair value through profit and loss are measured at fair value, and related net profits and losses, including any interest expenses, are recognized in profit and loss.

Financial liabilities measured at amortized cost are subsequently measured at the amortized cost using the effective interest method. Interest income and foreign currency profit or loss are recognized as profit or loss. Any profit or loss at the time of derecognition is also recognized in profit and loss.

c) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, canceled or they expire. When the terms of financial liabilities are modified and there is a significant difference in the cash flow of the revised liabilities, the original financial liabilities will be derecognized and new financial liabilities will be recognized at fair value based on the revised terms.

When derecognizing financial liabilities, the difference between the carrying amount of a financial liability and the consideration paid (including all transferred non-cash assets or liabilities) is recognized in non-operating income and expenses.

d) Offsetting of financial assets and financial liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

3) Derivative financial instruments

The Company holds derivative financial instruments to avoid risks of foreign currency and interest rates. The original recognition of derivatives is measured at fair value, and transaction costs are recognized as profit or loss; subsequent measurement is based on fair value, and the profits or losses arising from remeasurement are directly included in profit or loss. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

g. Inventory

Inventory is measured by the lower of cost and NRV. Cost includes cost and other costs for acquisition, manufacturing or processing to reach the usable place and status, and is calculated through weighted averaging. Among them, fixed manufacturing expenses are allocated to finished products and work-in-progress according to the normal production capacity or actual output of the production equipment, whichever is higher, and variable manufacturing expenses are allocated based on the actual output. The NRV is the expected selling price in the ordinary course of business, less the estimated cost of construction completion and the estimated costs necessary to make the sale.

h. Investment in the associates

Associates refer to those for which the Company has material influence upon their financial and operation policies but without controlling or joint controlling.

The Company adopts the equity method for handling the equity of associates. Under the equity method, the initial acquisition is recognized according to the cost, and the investment cost includes the transaction cost. The carrying amount of invested associates includes the goodwill recognized at the time of initial investment less any accumulative impairment loss. To assess impairment, the Company has to consider the overall carrying amount (including goodwill) of the investment as a single asset to compare the recoverable and carrying amounts. The cost of impairment identified is to be deemed as part of the carrying amount of the investment. Any reversal of impairment loss shall be recognized within the scope of subsequent increase in the recoverable amount of the investment.

From the date of significant impact to the date of losing significant impact, the Company shall, after making adjustments for consistency with the Company's accounting policies, recognizes the amount of profit and loss and other comprehensive income of each invested associates based on the proportion of equity. When the equity of associates changes, not including profit and loss and other comprehensive income, and do not affect the shareholding ratio of the Company, the Company shall recognize all the equity changes as capital reserve according to the shareholding ratio.

Unrealized profits resulting from the transaction between the Company and the associates shall be recognized in the financial statements only within the scope of the interests of non-related party investors in the associates.

When the loss share of associates to be recognized by the Company is equal to or over its equity in them, the recognition of the loss is suspended, and only in the case of legal obligations, constructive obligations or within the scope of making payment for the invested company, additional loss or relevant liability will be recognized.

The Company ceases to use the equity method from the date its investment ceases to be an associates and measures the retained interest at fair value. The difference between the fair value of the retained interest and the disposal price and the carrying amount of the investment at the date of cessation of the equity method is recognized in profit or loss for the current period. All amounts previously recognized in other comprehensive income related to the investment are accounted for on the same basis as that which would be required to be followed if the related assets or liabilities were disposed of directly by the associates, i.e. if a gain or loss previously recognized in other comprehensive income is required to be reclassified to profit or loss (or retained earnings) upon disposal of the related assets or liabilities, the gain or loss is reclassified from equity to profit or loss (or retained earnings) when the company ceases to use the equity method. If the Company's ownership interest in a related party decreases but the equity method continues to apply, the Company reclassifies the gain or loss previously recognized in other comprehensive income related to the decrease in ownership interest in the manner described above in proportion to the decrease.

When an associates issues new shares, if the Company does not subscribe according to the shareholding ratio, which causes the shareholding ratio to change, and thus the net equity value of the investment increases or decreases, the increase or decrease is adjusted to the capital reserve and the investment using the equity method; if this adjustment is to reduce the capital reserve, but the balance of the capital reserve generated by the investment using the equity method is insufficient, the difference will be debited to the retained surplus. However, if the Company does not subscribe in proportion to the shareholding ratio, which reduces its ownership and interest in the associates, the amount previously recognized in other comprehensive income related to the associates is reclassified according to the reduction ratio, and the basis of accounting treatment is the same as the basis that the associates must follow if the associates directly dispose of the related assets or liabilities.

i. Investment in Subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the Parent Company Only Financial Statements. The book value of the investment subsidiary includes the goodwill identified at the time of the original investment, deduct any accumulated impairment losses. Under the equity method, the current profit and loss and other comprehensive income of the Parent Company Only Financial Statements are the same as the apportionment of the current profit and loss and other comprehensive income attributable to the owners of the parent company in the financial report prepared on the basis of consolidation, and the owner's equity of the Parent Company Only Financial

Statements is the same as the owner's equity attributable to the owners of the parent company in the financial report prepared on the basis of consolidation.

Changes in the ownership and equity of the subsidiary by the Company that does not result in the loss of control shall be treated as equity transactions with the owner.

j. Property, plant and equipment

1) Recognition and measurement

Property, plant, and equipment are measured by cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

When the service years of material part of property, plant, and equipment vary, they are deemed as independent items (main components) for treatment.

The gain or loss on disposal of the property, plant, and equipment is recognized in profit and loss.

2) Subsequent costs

Subsequent expenditures are capitalized only when their future economic benefits are likely to flow into the Company.

3) Depreciation

The depreciation is calculated by capital cost less scrap value and is recognized in profit or loss based on the estimated service years of each component using the straight-line method. Depreciation is not applicable to land, estimated useful life of the remaining assets are: Machinery and equipment, 3-10 years; other equipment, 2-10 years; in addition, depreciation of houses and buildings based on the estimated useful life of their major components: main buildings, 20-40 years; mechanical and electrical engineering and another engineering, 10-20 years.

The depreciation method, useful life, and residual value are reviewed on each reporting day, and adjustments are postponed for the impact of any changes in estimates.

k. Leases

The Company evaluates whether the contract is a lease or contains a lease upon the conclusion of the contract. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract is a lease or contains a lease.

1) Lessee

The Company recognizes the right-of-use asset and the lease liability on the inception of the lease. The right-of-use asset is initially measured at cost, which includes the initial measured amount of the lease liability, adjusts any lease benefits paid on or before the inception of the lease, and adds the initial direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any leasing incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. If the implicit interest rate of the lease is easy to determine, it is applied as the discount rate. If it is not easy to determine, the incremental borrowing rate of the Company is used. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease payments comprise as follows:

a) fixed payments, including in-substance fixed lease payments;

b) variable lease payments dependent upon certain indicators or rates are measured by the indicators or rates used at the inception of the lease;

The lease liability subsequently accrues interest with the effective interest method, and its amount is measured when the following occurs:

a) changes in future lease payments resulting from changes in an index or a rate used to determine those payments;

b) change in the assessment of the lease term resulting from extension or termination of the exercise of the purchase option;

c) lease modifications of the underlying asset, scope, and other terms and conditions.

When the lease liability is remeasured due to the aforementioned changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount, and changes in the evaluation of purchase, extension or termination options, the carrying amount of the right-of-use asset shall be adjusted accordingly, and when the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

The changes in (iv) and (v) decreases the scope of a lease. When a lease modification decreases the scope of a lease, the carrying value of the right-of-use asset is decreased to reflect partial of full termination of the lease liability, and any gain or loss resulting from the aforementioned derecognition is immediately recognized in profit or loss.

The Company records right-of-use assets and lease liabilities defined as not investment properties in a single line item in the Individual Balance Sheets.

For short-term leases of office equipment and leases of low-value underlying assets, the Company chooses not to recognize the right-of-use assets and lease liabilities, but to recognize the related lease benefits as expenses on the straight-line basis during the lease term.

2) Lessor

For transactions in which the Company is the lessor, it is to classify the tenancy agreement according to whether it transfers almost all risks and remuneration attached to the ownership of the underlying asset on the lease establishment date. If so, it is classified as a financial lease, otherwise, it is classified as an operating lease. At the time of evaluation, the Company's considerations include relevant specific indicators, such as whether it covers the main component of the economic life of the underlying asset during the lease term.

For operating leases, the Company uses a straight-line basis to recognize the lease payments received as rental income during the lease period.

l. Intangible assets

Intangible assets that are acquired by the Company are measured at cost, less accumulated amortization and any accumulated impairment losses. The amortization amount is calculated based on the following estimated useful life with the straight-line method, and the amortization amount is recognized in the profit and loss: purchased software, 1 to 5 years; other intangible assets, 5 years.

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be adjusted when necessary.

m. Impairments of non-financial assets

The Company assesses on each reporting day whether there is any indication that the carrying amount of non-financial assets (other than inventories and deferred income tax assets) may be impaired. If there is an indication that an asset may be impaired, then the Combined Company estimates the recoverable amount of such asset. Goodwill is subject to impairment tests on a regular basis every year or when there are signs of impairment.

The purpose of the impairment test, a group of assets whose cash inflow is mostly independent of other individual assets or asset groups, is regarded as the smallest identifiable asset group. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect of the merger.

The recoverable amount is the higher of the fair value of the individual asset or cash-generating unit minus the cost of disposal and its value in use, whichever is higher. When evaluating the value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks for the asset or cash-generating unit.

When the recoverable amount of an individual asset or a CGU is less than its carrying amount, an impairment loss is recognized. The impairment loss is recognized immediately in profit or loss, firstly by reducing the carrying amount of any goodwill allocated to the CGU, and then proportionately allocated to the other assets of the CGU on the basis of the carrying amount of each asset in the CGU.

The impairment loss of goodwill will not be reversed. Non-financial assets other than goodwill will only be reversed if they do not exceed the carrying amount (less depreciation or amortization) determined when no impairment loss had been recognized for the asset in the previous year.

n. Liability reserve

The recognition of provisions means a current obligation for past events so that in the future the Company is most likely to outflow resources with economic benefits to settle it, and the amount of the obligation can be reliably estimated.

The reorganization liability provision is recognized when the Company approves the detailed and formal reorganization plan and starts to proceed or publicly announces the reorganization plan. Provisions are not recognized for future operating losses.

o. Revenue recognition

The Company recognizes revenue when control of the products has transferred. The transfer of control over products means that products are delivered to customers with no unfulfilled obligations that may affect customers' acceptance of the products. Delivery occurs when the product is delivered to a specific location, the risk of loss has been transferred to the customer, and the customer has accepted the product in accordance with the sales contract, or the Company has objective evidence that all acceptance conditions have been met.

The Company recognizes revenue on the basis of the contract price minus the estimated quantity discount and discount. The amount of the quantity discount and discount is estimated based on the expected value based on the accumulated experience in the past, and recognizes income within the scope of a major turnaround. As of the reporting date, the amount discounts and discounts expected to be paid to customers for related sales are recognized as refund liabilities (other current liabilities are accounted for).

The Company recognizes accounts receivable upon delivery of goods, because it enjoys the entitlement of collecting consideration unconditionally at this timing.

p. Government subsidies and government assistance

Government subsidies are only recognized when they can be reasonably assured that the Company shall comply with the conditions imposed by government subsidies and that such subsidies can be received. If the government subsidy is used to compensate fees or losses that had occurred, or is given to the Company for the purpose of immediate financial support without related future costs, it can be recognized as income within the collectible period.

For borrowings obtained from financial institutions by means of government credit guarantees, the Company calculates the fair value of the loans based on market interest rates. The difference between it and the amount received is recognized as deferred income. During the borrowing period, the deferred income is recognized as non-operating income - other income on a systematic basis.

q. Employee benefits

1) Defined contribution plans

Assignment obligations that should be contributed to defined contribution retirement benefit plans are recognized as employee benefit expenses under profit and loss when employees have rendered service.

2) Defined benefit plans

The net obligation of the Company to determine the benefit plan is calculated by converting the future benefit amount earned by the employee in the current period or the previous period into the present value for each benefit plan and deducting the amount of the fair value of any plan assets. The discount rate is the yield on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The net obligation of the defined benefit plan is calculated annually by a qualified actuary using the projected unit credit method.

When the benefit in the plan improves, the relevant expense for the part of incremental benefit for previous services by employees is immediately recognized as profit or loss.

The number of remeasurement of net defined benefit liabilities (assets) includes (1) actuarial profit or loss; (2) planned asset rewards, excluding the amount contained in net interest of net defined benefit liability (asset); and (3) any change in upper limit influence number of assets, excluding amount contained in net interest of net defined benefit liability (asset). The remeasured amount of net defined benefit liabilities (assets) is recognized in other comprehensive income and recognized in other equity.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gains or losses on the curtailment or settlement include any change in fair value of planned assets and current value of defined benefit obligations.

3) Short-term employee benefits

The obligation for short-term employee benefits is measured on undiscounted basis, and recognized as expense at the time of provision of relevant services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

r. Income tax

Income taxes include current and deferred income taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The current income tax includes the estimated income tax payable or income tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustments to the income tax payable or income tax refund receivable in previous year. The amount is the best estimate of the amount expected to be paid or received after reflecting the uncertainty (if any) related to income tax, according to the statutory tax rate on the reporting date or the tax rate of the substantive legislation.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities on the reporting date and their respective tax bases. The temporary difference for the following conditions will not be recognized as deferred income tax:

1) Originally recognized asset or liability not falling to the transaction of corporate consolidation, without (i) influencing accounting profit and levy duty gain (loss) and (ii) generating equivalent taxable and deductible temporary differences at the transaction;

2) Due to temporary differences arising from investment in subsidiaries, associates, and joint venture equity, the Company can control the timing of the reversion of the temporary differences and it is very likely that they will not revert in the foreseeable future; and

3) Taxable temporary differences arising from the original recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period, and has reflected the uncertainty related to income tax (if any).

The Company only offsets the deferred income tax assets and deferred income tax liabilities when the following conditions are met simultaneously:

1) The entity has the legal right to settle tax assets and liabilities on a net basis; and
2) The amounts of deferred tax assets and liabilities are:
    a) Levied by the same taxing authority; or
    b) Levied by different entities that intend to realize the asset and settle the liability at the same time.

For unused tax losses and unused income tax deduction at the later stage of the transfer and deductible temporary differences, they are recognized as deferred income tax assets to the extent that there is likely to be future taxable income available for use. Such unused tax credits and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized.

s. Business mergers

The Company uses the acquisition method to handle business mergers. Goodwill is the fair value of the consideration transferred on the acquisition date, including the amount attributable to any non-controlling interests of the acquiree, deduct the net amount of identifiable assets acquired and liabilities assumed (usually fair value). If the balance after the deduction is negative, the Company will reassess whether all acquired assets and all liabilities assumed have been correctly identified before recognizing the benefits of cheap purchases in profit or loss.

Except for those related to the issuance of debt or equity instruments, transaction costs related to business combinations should be immediately recognized as expenses of the amalgamating company when incurred.

Among the non-controlling interests of the acquiree, if it is a current ownership interest, and its holder is entitled to a proportional share of the net assets of the enterprise when the liquidation occurs, the Company is measured on a transaction-by-transaction basis based on the fair value at the acquisition date or the proportion of the current ownership instrument to the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at their fair value on the acquisition date or other basis as required by the International Financial Reporting Standards and International Accounting Standards recognized by the FSC.

If the original accounting treatment of the business combination has not been completed before the reporting date of the merger transaction, the Company recognizes the incomplete accounting treatment items at a tentative amount and makes retrospective adjustments or recognizes additional assets or liabilities during the measurement period to reflect the new information about the facts and circumstances that existed on the acquisition date obtained during the measurement period. The measurement period is no more than one year from the acquisition date.

t. Earnings per share

The Company presents the basic and diluted earnings per share attributable to the Company's common equity holders. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The diluted earnings per share is calculated by adjusting the influence of all potential diluted common shares with profit or loss of the Company's common stockholders and weighted average number of common shares outstanding. The potential diluted ordinary shares of the Company are employees' compensation that can choose to use stocks.

u. Segment Information

The Company has disclosed segment information in the Consolidated Financial Statements, so the Parent Company Only Financial Statements do not disclose segment information.

5. The Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When preparing the Parent Company Only Financial Statements according to preparation standards and IFRS recognized by FSC, the management may have to make judgment, estimate, and assumption, which may influence the adoption of accounting policies, and the reporting amount of assets, liabilities, incomes, and expenses. Actual results may differ from these estimates.

The management has to continuously check the estimate and basic assumptions, and the accounting estimate is recognized during the period of change and during the future influenced period.

Accounting policies involve significant judgments. Information that has a significant impact on the Parent Company Only Financial Statements is as follows:

a. Judgment on whether the invested company has substantial control or significant influence

The Company holds 14.82% of the voting shares of Visco Vision Inc. and is also its single largest shareholder. Although the remaining 85.18% shareholdings of Visco Vision are not held by specific shareholders, the Company is still unable to obtain more than half of the seats of the board of directors of Visco Vision, and has not obtained more than half of the voting rights of shareholders present at the shareholders' meeting, thus only obtained one seat of the board of directors to participate in decision-making of Visco Vision. Therefore, it is considered that the Company has no control over Visco Vision, but only has a significant influence, evaluation will be conducted by using the equity method.

The following assumptions and estimated uncertainties have a significant risk of causing significant adjustments to the carrying amount of assets and liabilities in the next financial year are as follows:

a. Inventory valuation

As inventory shall be measured based on the lower of cost or realizable value, if on the Company's evaluation report date, the inventory is unqualified, outdated, or has no market value, the inventory cost shall be offset to net realizable value. This inventory evaluation is mainly based on the estimated product demand in a specific period in the future but may cause major changes.

6. Descriptions of Material Accounting Items

a. Cash and cash equivalents

		2023.12.31	2022.12.31
Working capital	$	95	95
Demand deposit and check deposit		291,430	346,927
	$	**291,525**	**347,022**

b. Financial assets and liabilities measured at fair value through profit and loss - current

		2023.12.31	2022.12.31
Mandatory financial assets- measured at fair value through profit and loss - current:			
Foreign exchange forward contracts	$	28,705	17,316
Foreign exchange swaps		32,322	-
	$	**61,027**	**17,316**
Financial liabilities held for transaction - current			
Foreign exchange swaps	$	-	(1,800)
	$	**-**	**(1,800)**

For the amount remeasured at fair value and recognized in profit or loss, please refer to Note 6 (21).

1) Derivative financial instruments

The 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

2023.12.31		
Contract amount (NT$ thousand)	**Type of currency**	**Due date**
USD$ 15,000	Sell USD/Buy RMB	2024.01.25
USD 31,000	Sell USD/Buy JPY	2024.01.24~2024.02.22

2022.12.31		
Contract amount (NT$ thousand)	**Type of currency**	**Due date**
USD$ 30,000	Sell USD/Buy RMB	2023.01.31
USD 18,000	Sell USD/Buy JPY	2023.01.19~2023.02.24

2) Foreign exchange swaps

2023.12.31		
Contract amount (NT$ thousand)	**Type of currency**	**Due date**
USD$ 86,000	Sell USD/Buy NTD	2024.01.19~2024.01.30

2022.12.31		
Contract amount (NT$ thousand)	**Type of currency**	**Due date**
USD$ 40,000	Sell USD/Buy NTD	2023.01.31

c. Financial assets at fair value through other comprehensive income

	2023.12.31	**2022.12.31**
Equity instruments measured at fair value through other comprehensive gains and losses:		
Stocks listed in the emerging stock market in Taiwan	$ 63,840	54,549
Unlisted stocks	96,007	96,504
	$ 159,847	**151,053**
Current	$ 63,840	54,549
Non-current	96,007	96,504
	$ 159,847	**151,053**

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

In 2023 and 2022, no disposal of the above strategic investments was conducted and hence no transfer of cumulative profit or loss on equity was recognized.

d. Notes and accounts receivable

	2023.12.31	**2022.12.31**
Notes receivable	$ 9,917	8,925
Accounts receivable	1,641,188	1,907,788
Deduction: Allowance for impairment loss	(1,595)	(14,263)
	1,649,510	1,902,450
Accounts receivable - related parties	1,246,040	917,223
	$ 2,895,550	**2,819,673**

1) The Company adopts 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 Company as of December 31, 2023 and 2022 was as follows:

	2023.12.31		
	Book amount of accounts and notes receivable	**Weighted average loss rate**	**Loss allowance for lifetime expected credit losses**
Not pass due	$ 2,877,772	0.0330%	951
Pass due 1~30 days	19,252	2.7166%	523
Past due for more than 91 days	121	100%	121
	$ 2,897,145		1,595

	2022.12.31		
	Book amount of accounts and notes receivable	**Weighted average loss rate**	**Loss allowance for lifetime expected credit losses**
Not pass due	$ 2,736,687	0.0296%	809
Pass due 1~30 days	28,187	1.4865%	419
Pass due 31~60 days	32,501	2.6891%	874
Pass due 61~90 days	25,652	4.8807%	1,252
Past due for more than 91 days	10,909	100%	10,909
	$ 2,833,936		14,263

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

	2023	**2022**
Balance at beginning of year	$ 14,263	125
Impairment loss (gain on reversal of impairment loss)	(12,199)	14,138
Amounts written off as uncollectible for the year	(469)	-
Balance at end of year	$ 1,595	14,263

3) The Company and the financial institution sign a non-recourse agreement for the sale of account receivables. According to the contract, the Company does not have to bear the risk that the account receivables cannot be recovered, but only bears the losses caused by commercial disputes. Since the Company has transferred almost all the risks and rewards of the ownership of the above account receivables 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:

2023.12.31						
Sale object	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 (5))	Interest rate range	Other important matters
Taipei Fubon Bank	$ 247,778	-	223,000	24,778	1.90%	Guaranteed promissory note 92,250
KGI Bank	196,667	-	177,000	19,667	2.20%	Guaranteed promissory note 92,250
	$ 444,445	-	400,000	44,445		184,500

2022.12.31						
Sale object	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 (5))	Interest rate range	Other important matters
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 -
KGI Bank	57,962	-	52,166	5,796	5.73%	Guaranteed promissory note 921,900
	$ 502,409	-	452,169	50,240		921,900

For information related to the transfer of related parties' rights in account receivables that meets the derecognition conditions, please refer to Note 7.

e. Other receivables

	2023.12.31	2022.12.31
Other receivables - account receivables sale minus advance price balance (Notes 6 (4) and 7)	$ 75,111	137,650
Other receivables - others	2,062	973
Other receivables - related parties	7,548	1,703
Deduction: Allowance for loss	-	-
	$ 84,721	140,326

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

f. Inventory

	2023.12.31	2022.12.31
Raw material	$ 1,174,690	979,706
Work in progress	994,265	702,768
Finished goods	646,869	640,376
	$ 2,815,824	2,322,850

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

	2023	2022
Inventory cost has been sold	$ 11,915,865	12,206,979
Reversal of allowance for inventory market price decline	(10,823)	208,459
	$ 11,905,042	**12,415,438**

The loss of inventory falling price is the loss of inventory falling price recognized as the 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.

g. Investments accounted for using the equity method

	2023.12.31	2022.12.31
Subsidiaries	$ 4,888,589	2,687,292
Associates	465,829	480,749
	$ 5,354,418	**3,168,041**

1) Subsidiaries

Please refer to the 2023 Consolidated Financial Statements.

2) Acquisition of subsidiaries - Web-Pro Co., Ltd. (Web-Pro) and its subsidiaries

a) Acquisition of transfer consideration from subsidiaries

On January 3, 2023 (the acquisition date), the Company bought a 51% equity in Web-Pro from its shareholders by a total amount of NT$3,161,999 thousand, thereby obtaining control over the company. Therefore, from the acquisition date onwards, Web-Pro and its subsidiaries were included in the Combined Company. Web-Pro and its subsidiaries are mainly engaged in the manufacturing, processing, and trading of spunlace nonwoven and all kinds of PE breathable films. The acquisition of Web-Pro and its subsidiaries by the Company is aimed at expediting the group's expansion in the healthcare sector. This strategic move involves leveraging core research and development capabilities and manufacturing technologies to venture into the development of medical-related materials. Furthermore, it facilitates access to the existing customer base and overseas locations of Web-Pro and its subsidiaries.

b) Acquisition of identifiable net assets

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

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

3) Goodwill impairment tests

For the cost of the acquisition of long-term equity investments accounted for using the equity method, if it exceeds the net fair value of identifiable assets and liabilities assumed of the investee companies on the acquisition date, the exceeded amount shall be recognized as goodwill, if there is goodwill impairment, it shall be recognized as a decrease in the book value in investment accounted for using the equity method. As of December 31, 2023 and 2022, goodwill derived from the merger is taken as cash generating unit under individual subsidiaries and listed as follows:

	2023.12.31	2022.12.31
Cenefom	$ 32,262	32,262
Web-Pro	24,362	-
	$ 56,624	**32,262**

The above-mentioned cash generating units are the smallest units under the return on investment of assets (including goodwill) supervised by the management. Based on the results of the goodwill impairment tests of the above-mentioned cash generating units carried out by the Company, the recoverable amount of the above-mentioned cash generating units as of December 31, 2023 and 2022 is higher than their book value, so there is no need to recognize the impairment loss. The recoverable amount of each of the cash generating units is determined based on the value in use, and the relevant key assumptions are as follows:

The key assumptions used to estimate the value in use are as follows:

	2023.12.31	2022.12.31
Cenefom:		
Operating revenue growth rate	13%~86%	2%~77%
Discount rate	22.38%	22.96%
Web-Pro:		
Operating revenue growth rate	4.2%~33.2%	-
Discount rate	12.18%	-

a) The estimated future cash flows used are based on the five-year financial budgets projected by management based on future operating plans, with cash flows over five years extrapolated at an annual growth rate of 1%.

b) The discount rate for determining the value in use is based on the weighted average cost of capital.

4) Associates

Name of associates	Nature of relationship with the Company	Principal business place/country of incorporation	2023.12.31 Voting rights%	2023.12.31 Book amount	2022.12.31 Voting rights%	2022.12.31 Book amount
Visco Vision Inc. (Visco Vision)	Its main business is to manufacturer and sell disposable contact lenses, and it is a strategic partner of the Company.	Taiwan	14.82%	457,486	14.82%	471,428
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%	4,086	20.00%	4,347
Coatmed Incorporation (Coatmed)	Its main business is to sell medical devices, and it is a strategic partner of the Company.	Taiwan	9.98%	4,257	9.98%	4,974
				$ 465,829		480,749

In November 2022, the Company disposed of a portion of Visco Vision's equity with a cash consideration of NT$84,000 thousand, resulting in a disposal investment gain of NT$67,230 thousand. In addition, the Company did not participate in the subscription of capital increase exercise initiated by Visco Vision in November 2022, which have diluted the Company's equity in Visco Vision to 14.82% (however this did not lead to the loss of significant control in Visco Vision), resulting in an increase in the capital reserve of NT$184,705 thousand and a disposal investment loss of NT$3,131 thousand.

The Company did not participate in the capital increase exercise initiated by Coatmed Incorporation (hereinafter referred to as "Coatmed") in October 2022, which have diluted the Company's equity in Coatmed to 9.98%; however, the Company still serves as the director of Coatmed and involves in decision making. Therefore, this did not lead to the loss of significant control in Coatmed.

The share of net profit of associates of the Company in 2023 and 2022 was NT$47,693 thousand and NT$110,101 thousand, respectively.

The fair value of listed associates which have materiality to the Company is as follows:

	2023.12.31	2022.12.31
Visco Vision	$ 2,025,429	2,655,458

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

The summary of financial information of associates that have materiality to the Company are as follows:

a) Aggregated financial information of Visco Vision

	2023.12.31	2022.12.31
Current assets	$ 1,783,674	2,651,705
Non-current assets	2,940,284	2,642,290
Current liabilities	(884,926)	(956,308)
Non-current liabilities	(856,615)	(1,228,947)
Net assets	$ 2,982,417	3,108,740
Net assets attributable to non-controlling interests	$ 17,477	24,528
Net assets attributable to owners of the investee company	$ 2,964,940	3,084,212

	2023	2022
Operating revenue	$ 2,397,675	2,777,524
Net profit for the current period	$ 294,562	614,009
Other comprehensive income	(74,385)	96,671
Total comprehensive income	$ 220,177	710,680
Total comprehensive income attributable to non-controlling interests	$ (7,051)	(3,422)
Total comprehensive income attributable to owners of the investee company	$ 227,228	714,102

	2023	2022
The Company's share of net assets of associates at the beginning of the period	$ 471,428	213,301
Net profits attributable to the Company in the current period	48,678	111,231
Other comprehensive income attributable to the Company in the current period	(11,285)	16,392
Capital reserve attributable to the Company in the current period	-	184,705
Dividends received from associates in the current period	(51,335)	(39,335)
Disposal of associates in the current period	-	(14,866)
Book value of the Company's equity in associates at the end of the period	$ 457,486	471,428

b) The aggregated financial information of individual insignificant associates accounted for using the equity method of the Company is as follows, and such financial information is the amount included in Parent Company Only Financial Statements of the Company:

	2023.12.31	2022.12.31
Aggregated book value of equity of individual insignificant associates at the end of the period	$ 8,343	9,321

	2023	2022
Share attributable to the Company:		
Net loss of the period	$ (985)	(1,130)
Other comprehensive income	7	(5)
Total comprehensive income	$ (978)	(1,135)

h. Changes in ownership interest in subsidiaries

In 2023, the Company increased its shareholding in Genejet by NT$4,544 thousand in cash, which increased the equity held by the Company from 70.00% to 75.63%. Furthermore, as Cenefom issued new shares in 2023 due to employees exercising stock options for common shares, it led to a decrease in the Company's equity in Cenefom. However, this did not result in a loss of control.

In 2022, the Company increased its shareholding in Cenefom by NT$180,706 thousand in cash, which increased the equity held by the Company from 34.83% to 51.34%.

The effects of the above-mentioned changes in the ownership interest of subsidiaries on the Company's equity are as follows:

		2023	2022
Retained earnings - difference between the acquisition price of the subsidiary's equity and the book value	$	(1,123)	(30,506)
Retained earnings - changes in ownership interests in subsidiaries recognized		(301)	-
	$	(1,424)	(30,506)

i. Property, plant and equipment

	Land	Housing and structures	Machinery equipment	Others	Total
Cost:					
Balance as of January 1, 2023	$ 1,344,108	2,546,671	5,227,402	2,519,421	11,637,602
Addition	-	12,580	119,875	1,013,719	1,146,174
Disposal	-	-	(7,301)	(2,595)	(9,896)
Reclassification	-	13,921	81,684	(100,799)	(5,194)
Balance as of December 31, 2023	$ 1,344,108	2,573,172	5,421,660	3,429,746	12,768,686
Balance as of January 1, 2022	$ 1,344,108	2,521,091	5,065,975	2,089,656	11,020,830
Addition	-	25,580	183,341	583,651	792,572
Disposal	-	-	(168,212)	(4,586)	(172,798)
Reclassification	-	-	146,298	(149,300)	(3,002)
Balance as of December 31, 2022	$ 1,344,108	2,546,671	5,227,402	2,519,421	11,637,602
Accumulated depreciation:					
Balance as of January 1, 2023	$ -	1,472,330	4,465,056	1,689,375	7,626,761
Depreciation for the period	-	85,853	222,375	117,083	425,311
Disposal	-	-	(7,301)	(2,595)	(9,896)
Balance as of December 31, 2023	$ -	1,558,183	4,680,130	1,803,863	8,042,176
Balance as of January 1, 2022	$ -	1,388,787	4,431,663	1,590,310	7,410,760
Depreciation for the period	-	83,543	188,481	103,651	375,675
Disposal	-	-	(155,088)	(4,586)	(159,674)
Balance as of December 31, 2022	$ -	1,472,330	4,465,056	1,689,375	7,626,761
Carrying value:					
December 31, 2023	$ 1,344,108	1,014,989	741,530	1,625,883	4,726,510
December 31, 2022	$ 1,344,108	1,074,341	762,346	830,046	4,010,841
January 1, 2022	$ 1,344,108	1,132,304	634,312	499,346	3,610,070

For the details of property, plant, and equipment that have been used as guarantees for long-term borrowings and financing lines, please refer to Note 8.

j. Right-of-use assets

	Housing and structures
Right-of-use assets cost:	
Balance as of January 1, 2023 (i.e., balance as of December 31, 2023)	$ 539,018
Balance as of January 1, 2022	$ 478,716

	Housing and structures
Addition	474,749
Derecognition in the current period	(414,447)
Balance as of December 31, 2022	$ 539,018
Accumulated depreciation of right-of-use assets:	
Balance as of January 1, 2023	$ 15,975
Depreciation for the period	102,479
Balance as of December 31, 2023	$ 118,454
Balance as of January 1, 2022	$ 340,698
Depreciation for the period	89,724
Derecognition in the current period	(414,447)
Balance as of December 31, 2022	$ 15,975
Carrying value:	
December 31, 2023	$ 420,564
December 31, 2022	$ 523,043
January 1, 2022	$ 138,018

k. Intangible assets

	Purchased software	Others	Total
Cost:			
Balance as of January 1, 2023	$ 290,795	512	291,307
Separate acquisition	33,161	-	33,161
Reclassification	480	-	480
Balance as of December 31, 2023	$ 324,436	512	324,948
Balance as of January 1, 2022	$ 259,601	512	260,113
Separate acquisition	28,192	-	28,192
Reclassification	3,002	-	3,002
Balance as of December 31, 2022	$ 290,795	512	291,307
Accumulated amortization:			
Balance as of January 1, 2023	$ 268,486	512	268,998
Amortization for the year	33,522	-	33,522
Balance as of December 31, 2023	$ 302,008	512	302,520
Balance as of January 1, 2022	$ 228,967	512	229,479
Amortization for the year	39,519	-	39,519
Balance as of December 31, 2022	$ 268,486	512	268,998
Carrying value:			

		Purchased software	Others	Total
December 31, 2023	$	22,428	-	22,428
December 31, 2022	$	22,309	-	22,309
January 1, 2022	$	30,634	-	30,634

l. Short-term borrowings

		2023.12.31	2022.12.31
Unsecured bank loans	$	1,490,000	1,051,460
Unused credit line	$	7,572,298	7,569,915
Interest rate range		1.75%~1.85%	1.37%~4.80%

m. Long-term borrowings

		2023.12.31	2022.12.31
Unsecured bank loans	$	3,358,841	1,265,488
Secured bank loans		1,440,000	-
Less: Long-term borrowings due within one year		(381,943)	(181,486)
Total	$	4,416,898	1,084,002
Unused credit line	$	7,176,340	5,796,100
Expiration year		113~122	112~119
Interest rate range		1.75~2.27%	1.63~1.68%

1) Collateral for bank loans

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

2) Government low-interest loans

The Company obtained low-interest bank loans in accordance with the "Action Plan for Welcoming Overseas Taiwanese Business to Return to Invest in Taiwan" at the beginning of 2020 and 2023, the actual repayment preferential interest rates as of December 31, 2023 and 2022 were 1.25%~1.60% and 1.13%~1.18%, respectively. The actual amount of transfer amounted to NT$2,280,070 thousand and NT$1,278,350 thousand, respectively. The fair value of the loan was NT$2,239,880 thousand and NT$1,253,770 thousand based on market interest rates of 1.75%~1.90% and 1.63%~1.68%, respectively, and the difference of NT$40,190 thousand and NT$24,580 thousand, respectively, is considered as government subsidies and recognized as deferred income. In 2023 and 2022, the amount of the aforementioned deferred income transferred to "other income" amounted to NT$7,243 thousand and NT$4,872 thousand, respectively.

3) Financial ratio agreement in loan contract

According to the provisions of the joint loan contract with the bank, the 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 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 Company as of December 31, 2023 and 2022 were in compliance with the agreed standards of the joint loan contract.

n. Lease liabilities

The carrying amount of lease liabilities is as follows:

	2023.12.31	2022.12.31
Current:		
Related parties	$ 93,401	91,746
Non-related parties	$ 5,796	6,966
Non-current:		
Related parties	$ 289,379	382,780
Non-related parties	$ 36,421	42,217

Please refer to Financial risk management of Note 6 (23) for expiry analysis.

The amounts recognized in profit or loss were as follows:

	2023	2022
Short-term lease expense	$ 3,714	5,044
Interest expense - lease obligations payable	$ 8,565	1,851

The amounts recognized in the statements of cash flows are:

	2023	2022
Total cash flows on lease	$ 110,991	105,986

1) Lease of buildings and constructions

The Company leases houses and buildings as factories and dormitory with the lease term of five to ten years usually. If the lease expires, a new contract and rate must be negotiated, the 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 Company leases is one year. These leases are short-term leases. The Company chooses to apply the exemption requirements and does not recognize its related right-of-use assets and lease liabilities.

o. Employee benefits

1) Defined benefit plans

The reconciliation between the present value of the defined benefit obligations and the fair value of the plan assets of the Company is as follows:

		2023.12.31	2022.12.31
Present value of defined benefit obligations	$	65,565	70,097
Fair value of plan assets		(53,449)	(50,266)
Net defined benefit liabilities (listed as other non-current liabilities)	$	12,116	19,831

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The retirement payment of each employee subject to the Labor Standards Law is calculated based on the base number of years of service and the average salary of the six months before retirement.

a) Composition of plan assets

The retirement fund contributed by the Company in accordance with the Labor Standards Act is managed by the Bureau of Labor Funds Utilization, Ministry of Labor (hereinafter referred to as Bureau of Labor Funds), and utilized according to the provisions of "Regulations on Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund"; with regard to the utilization of the funds, lowest earnings in final settlement shall not be less than the earnings attainable from two- year time deposits with interest rates offered by local banks.

As of December 31, 2023 and 2022, the balances of the Taiwan Bank's special account for labor retirement reserves of the Company were NT$53,449 thousand and NT$50,266 thousand, respectively. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

b) Movements in present value of the defined benefit obligations

		2023	2022
Service cost and interest of the period	$	70,097	60,559
Current interest cost		1,397	454
Remeasurement of net defined benefit liabilities			
－Actuarial profits and losses due to experience adjustments		2,314	2,239
－Actuarial profits or losses arising out of changes in financial assumptions		(8,243)	6,845
Service cost and interest of the end period	$	65,565	70,097

c) Changes in the fair value of planned assets

		2023	2022
Fair value of plan assets at beginning period	$	50,266	44,480
Interest revenue		1,022	341
Remeasurement of net defined benefit liabilities			
—Actuarial profits or losses		50	3,366
Funds contributed by the employer		2,111	2,079
Fair value of plan assets at end period	$	**53,449**	**50,266**

d) Change of asset upper limit impacts

The Company did not determine the impact of the maximum number of assets of the defined benefit plans in 2023 and 2022.

e) Expenses recognized in profit or loss

		2023	2022
Net interest on net defined benefit liability assets	$	**375**	**113**
Operating costs	$	214	59
Operating expenses		161	54
	$	**375**	**113**

f) Remeasurement of the net defined benefit liability recognized as other comprehensive revenue

		2023	2022
Accumulated balance at beginning period	$	(35,824)	(30,106)
Recognition of the period		5,979	(5,718)
Accumulated balance at end of period	$	**(29,845)**	**(35,824)**

g) Actuarial assumptions

The significant actuarial assumptions used by the Company to determine the present value of welfare obligations at the financial reporting date are as follows:

	2023.12.31	2022.12.31
Discount rate	1.875%	2.000%
Future salary increases rate	3.00%	4.00%

The Company expects to pay NT$2,227 thousand to the defined benefit plan within one year after the reporting date in 2023. The weighted average duration of defined benefit plans is 16.99 years.

h) Sensitivity analysis

	Impact on defined benefit obligations	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2023		
Discount rate	(2,238)	2,319
Future salary increases rate	2,249	(2,181)
December 31, 2022		
Discount rate	(2,548)	2,657
Future salary increases rate	2,568	(2,477)

With other assumptions unchanged, above sensitivity analysis analyzes effects of changes in single assumption. In practice, many changes in assumptions may be linked together. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities of the balance sheet. The method and assumptions used for the preparation of the sensitivity analysis for the current period are the same as those used in the previous period.

2) Defined contribution plans

The definite allocation plan of the Company is in accordance with the provisions of the Labor Pension Regulations, and is allocated to the labor pension individual account of the Labor Insurance Bureau at a rate of 6% of the labor's monthly salary. CMP's contributions to the Bureau of Labor Insurance and Social Security Bureau for the employees' pension benefits require no further payment of additional legal or constructive obligations.

The details of the following methods for determining the appropriation of pensions are as follows:

	2023	**2022**
Operating costs	$ 36,200	37,693
Operating expenses	28,282	26,882
	$ 64,482	**64,575**

p. Income tax

1) Income tax expense

	2023	**2022**
Income tax expenses of the period		
Accrued in current year	$ 27,767	145,844
Adjustments to income tax expenses of previous period	(1,928)	(12,234)
	25,839	133,610
Deferred income tax expenses		
Occurrence and reversal of temporary differences	30,504	52,071
Income tax expense	**$ 56,343**	**185,681**

There was no income tax that was directly recognized in equity or other comprehensive income for the Company in 2023 and 2022.

The reconciliation of income tax expenses and income before income tax for 2023 and 2022 was as follows:

	2023	2022
Profit before tax	$ 470,695	1,481,351
Income tax calculated by domestic tax rate of the Company's domicile	$ 94,139	296,270
Domestic investment gains recognized under equity method	(32,412)	(57,096)
Non-deductible impairment and expenses	9,790	11,334
Gains from tax exemption	(605)	(13,156)
Investment deduction	(11,900)	(51,904)
Previous income tax adjustment	(2,669)	233
Income tax expense	$ 56,343	185,681

2) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities of 2023 and 2022 are as follows:

Deferred income tax assets:

	Allowance for loss of inventory depreciation	Fixed asset tax differential	Allowance for sales discount	Others	Total
January 1, 2023	$ 96,519	28,493	17,577	77,949	220,538
(Debit) credit revenue statement	(15,780)	414	(1,782)	(6,012)	(23,160)
December 31, 2023	$ 80,739	28,907	15,795	71,937	197,378
January 1, 2022	$ 54,827	28,079	12,563	48,672	144,141
(Debit) credit revenue statement	41,692	414	5,014	29,277	76,397
December 31, 2022	$ 96,519	28,493	17,577	77,949	220,538

Deferred tax liabilities:

	Share of profit from subsidiaries accounted under equity method	Others	Total
January 1, 2023	$ 249,077	3,164	252,241
Debit (credit) income statement	(1,758)	9,102	7,344
December 31, 2023	$ 247,319	12,266	259,585
January 1, 2022	$ 116,231	7,542	123,773
Debit (credit) income statement	132,846	(4,378)	128,468
December 31, 2022	$ 249,077	3,164	252,241

3) Income tax approved

The ROC income tax authorities have examined the Company's income tax returns up to 2021.

q. Capital and other equity

1) Common stock

As of December 31, 2023 and 2022, the total value of nominal capital stock both amounted to NT$4,800,000 thousand, with a par value of NT$10 per share, both consisting of 480,000 thousand shares. There were 320,675 thousand shares of ordinary shares being issued.

2) Capital reserve

The details of capital reserve were as follows:

	2023.12.31	2022.12.31
Changes in net equity of associates accounted under equity method	$ 192,352	192,352

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

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 legal reserve should be raised, and the special 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 profit distribution proposal is based on cash dividends, the Board of Directors shall be authorized to make a resolution and report to the shareholders meeting.

According to the Company's Articles of Incorporation, the Company is a technology- and capital-intensive industry that is in the midst of a growth period. In order to cooperate with long-term capital planning and meet shareholders' demand for cash flow, the Company's dividend policy adopts a residual dividend policy to improve the Company's growth and sustainable operation. If the Company has a surplus after the annual final accounts, it shall pay taxes in accordance with the regulations to make up for the previous losses. The 10% of the second increase is the legal reserve, and after the special 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 there is no loss in the Company, the legal reserve will be used to issue new shares or cash upon resolution by the Shareholders' Meeting, to the limit of the part of the reserve that has exceeded 25% of the paid-in amount.

b) Special reserve

According to regulations of Financial Supervisory Commission, when the Company distributes the distributable surplus, the net deduction of other shareholders' equity in the current year is reported, the net profit for the current period and items other than net profit for the current period are added to the undistributed surplus for the current period, and the special reserve is drawn from it and the undistributed surplus in the previous period. For the deduction of other shareholders' equity accumulated in the previous period, the same amount of special 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 directors' meetings held on February 23, 2023 and May 3, 2022, respectively, the cash dividends distributions are as follows:

	2022		2021	
	Earnings per share (NT$)	**Amount**	**Earnings per share (NT$)**	**Amount**
Dividends to ordinary shareholders:				
Cash	$ 2.00	**641,349**	1.50	**481,012**

The 2023 distributions of earnings were resolved at the directors' meetings held on February 22, 2024, the cash dividends distributions are as follows:

	2023	
	Earnings per share (NT$)	**Amount**
Dividends to ordinary shareholders:		
Cash	$ 1.20	**384,809**

Relevant information can be inquired through channels such as Market Observation Post System.

4) Other equity (after tax)

	Exchange differences arising on translation of financial statements of foreign operations	Remeasurement of defined benefit plans	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:				
The Combined Company	(27,394)	-	-	(27,394)
Associates	(11,278)	-	-	(11,278)
Remeasurement of defined benefit plans	-	5,979	-	5,979
The remeasured share of the defined benefit plans of the subsidiary adopting the equity method	-	50	-	50
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	-	-	8,794	8,794
Balance as of December 31, 2023	$ (44,495)	(28,178)	(20,011)	(92,684)
January 1, 2022	$ (51,470)	(28,929)	(22,910)	(103,309)
The exchange differences yielded by net assets of overseas operating institutions:				
The Combined Company	24,476	-	-	24,476
Associates	16,387	-	-	16,387
Remeasurement of defined benefit plans	-	(5,718)	-	(5,718)
The remeasured share of the defined benefit plans of the subsidiary adopting the equity method	-	440	-	440
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	-	-	(5,895)	(5,895)
Proceeds from the disposal of associates accounted under equity method	4,784	-	-	4,784
Balance as of December 31, 2022	$ (5,823)	(34,207)	(28,805)	(68,835)

r. Earnings per share

1) Basic earnings per share

	2023	2022
Net profit attributable to holders of common equity of the Company	$ 414,352	1,295,670
The weighted average number of shares outstanding (thousand shares)	320,675	320,675
Basic earnings per share (NT$)	$ 1.29	4.04

2) Diluted earnings per share

	2023	2022
Net profit attributable to holders of common equity of the Company	$ 414,352	1,295,670
The weighted average number of shares outstanding (thousand shares)	320,675	320,675
Effect of potentially dilutive shares of common stocks (thousand shares):		
Impact of employee compensation	2,175	5,780
The weighted average number of shares outstanding (thousand shares) (After adjusting the number of dilutive potential common shares impact)	322,850	326,455
Diluted earnings per share (NT$)	$ 1.28	3.97

s. Revenue from contracts with customers

1) Disaggregation of revenue

	2023		
	Film sheet segment	Medical segment	Total
Primary geographical markets:			
China	$ 8,245,866	486,161	8,732,027
Taiwan	3,905,950	798,956	4,704,906
Others	156,324	410,651	566,975
	$ 12,308,140	1,695,768	14,003,908
Main products/services:			
Functional sheet	$ 12,308,140	-	12,308,140
Medical products	-	1,695,768	1,695,768
	$ 12,308,140	1,695,768	14,003,908

	2022		
	Film sheet segment	Medical segment	Total
Primary geographical markets:			
China	$ 9,059,066	521,489	9,580,555
Taiwan	4,170,114	355,895	4,526,009
Others	303,992	370,074	674,066
	$ 13,533,172	1,247,458	14,780,630
Main products/services:			
Functional sheet	$ 13,533,172	-	13,533,172
Medical products	-	1,247,458	1,247,458
	$ 13,533,172	1,247,458	14,780,630

2) Contract balances

	2023.12.31	2022.12.31	2022.1.1
Notes receivable and accounts receivable (including related parties)	$ 2,897,145	2,833,936	3,099,192
Deduction: Allowance for loss	(1,595)	(14,263)	(125)
Total	**$ 2,895,550**	**2,819,673**	**3,099,067**

	2023.12.31	2022.12.31	2022.1.1
Contract liabilities (accounted under other current liabilities)	**$ 43,675**	**35,107**	**6,958**

Please 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, recognized as income in 2023 and 2022, were NT$28,575 thousand and NT$3,929 thousand, respectively.

t. 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.

In 2023 and 2022, the Company's employee bonus was set aside for NT$52,739 thousand and NT$165,978 thousand, respectively, and the director's bonus was set aside for NT$3,955 thousand and NT$12,448 thousand, respectively, which are estimated on the basis of the Company's pre-tax net profit before deducting the bonus of employees and directors in each period multiplied by the distribution percentage of the bonus of employees and directors stipulated in the Articles of Incorporation of the Company, and reported as the operating cost or expenses of 2023 and 2022. Upon any variance between the distribution of next year and the estimated amount, a change of accounting estimate shall follow and recognize in the profit or loss of next year. The compensation for employees and directors of the Company resolved by the Board of Directors is not different from the estimated amount in the Company's Parent Company Only Financial Statements for 2023 and 2022, and it is distributed in cash. For the relevant information, please refer to the Market Observation Post System.

u. Non-operating profit and loss

1) Interest revenue

	2023	2022
Interests on bank deposits	**$ 8,484**	**486**

2) Other revenue

	2023	2022
Dividend revenue	$ 3,024	1,680
Government subsidy revenue	16,839	4,922
	$ 19,863	**6,602**

3) Other gains and losses

		2023	2022
Losses on disposal of property, plant and equipment	$	-	(12,924)
Net profits from disposal of investment		-	64,099
Net profits from foreign currency exchange		109,212	280,596
Net losses from financial assets (liabilities) at fair value through profit or loss - derivative instruments		(138,782)	(292,307)
Others		21,153	(6,001)
	$	(8,417)	33,463

4) Financial costs

		2023	2022
Interest expenses of bank loans	$	(112,391)	(48,839)
Lease liabilities		(8,565)	(1,851)
	$	(120,956)	(50,690)

v. Types of financial instruments and fair value

1) Types of financial instruments

a) Financial assets

		2023.12.31	2022.12.31
Financial assets at fair value through profit or loss:			
Foreign exchange forward contracts	$	28,705	17,316
Foreign exchange swap		32,322	-
Subtotal		61,027	17,316
Financial assets at fair value through other comprehensive income		159,847	151,053
Financial assets at amortized cost:			
Cash and cash equivalents		291,525	347,022
Notes receivable, accounts receivables, and other receivables (including related parties)		2,980,271	2,959,999
Other financial assets - current		9,675	10,464
Guarantee deposits paid		7,402	6,919
Subtotal		3,288,873	3,324,404
Total	$	3,509,747	3,492,773

b) Financial liabilities

	2023.12.31	2022.12.31
Financial liabilities at fair value through profit and loss:		
Foreign exchange swap	$ -	1,800
Financial liabilities measured at amortized cost:		
Short-term borrowings	1,490,000	1,051,460
Accounts payable and other payables (including related parties)	4,265,445	4,524,457
Long-term borrowings (including loans due within one year)	4,798,841	1,265,488
Lease liabilities - current and non-current (including related parties)	424,997	523,709
Guarantee deposits received	342	630
Subtotal	10,979,625	7,365,744
Total	$ 10,979,625	7,367,544

2) Information of fair value

a) Financial instruments that are not measured at fair value

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

b) Financial instruments measured at fair value

The following financial instruments are measured at fair value on the basis of repeatability. The table below provides an analysis of financial instruments measured subsequent 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:

i. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

ii. Level 2: Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e., price) or indirectly (i.e., derived from prices).

iii. Level 3: Level 3 inputs are inputs for the asset or liability that are not based on observable market data (unobservable parameters).

	2023.12.31				
		Fair value			
	Book amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Foreign exchange forward contracts	$ 28,705	-	28,705	-	28,705
Foreign exchange swap	32,322	-	32,322	-	32,322
	$ 61,027	-	61,027	-	61,027
Financial assets at fair value through other comprehensive income:					
Stocks listed in the emerging stock market in Taiwan	$ 63,840	-	63,840	-	63,840
Non-listed stocks	96,007	-	-	96,007	96,007
Subtotal	$ 159,847	-	63,840	96,007	159,847

	2022.12.31				
		Fair value			
	Book amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Foreign exchange forward contracts	$ 17,316	-	17,316	-	17,316
Financial assets at fair value through other comprehensive income:					
Stocks listed in the emerging stock market in Taiwan	$ 54,549	-	54,549	-	54,549
Non-listed stocks	96,504	-	-	96,504	96,504
Subtotal	$ 151,053	-	54,549	96,504	151,053
Financial liabilities at fair value through profit and loss:					
Foreign exchange swap	$ (1,800)	-	(1,800)	-	(1,800)

3) 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 Company is estimated based on the average transaction price of the stock market on the day.

The fair value of the 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 Foreign exchange swaps are usually valued based on current forward exchange rates.

4) Fair value level and transfer

The Company did not have any financial assets and liabilities transferred in the fair value hierarchy in 2023 and 2022.

5) Statement of changes in Level 3 fair value hierarchy:

Financial assets at fair value through other comprehensive income:

		2023	2022
Balance at beginning of year	$	96,504	9,187
Purchase of the period		-	92,271
Changes in other comprehensive income recognized in the current period		(497)	(4,954)
Balance at end of year	$	**96,007**	**96,504**

w. Financial risk management

The Company is exposed to credit risk, liquidity risk, and market risk (including exchange rate risk, interest rate risk, and equity instrument price risk) due to its business activities. This note demonstrates the risk information of the aforementioned various risks of the Company, and the Company's policies and procedures for measuring and managing these risks, and quantitative disclosure.

The Board of Directors of the Company is responsible for developing and controlling the risk management policy of the Company. The establishment of the risk management policy is to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and supervise the compliance of risks and risk limits. Risk management policies and systems are reviewed regularly to reflect changes market conditions and the Company's activities.

The management of the Company supervises and reviews financial activities in accordance with relevant regulations and internal control systems. Internal auditors play a role in supervision and regularly report the review results to the Board of Directors.

1) Credit risk

Credit risk refers to the risk of the financial loss of the Company due to the failure of the counterparty to perform the contractual obligations. As of the financial report date, the main potential credit risk of the Company comes from financial assets such as bank deposits and accounts receivable from customers. The book value of the Company's financial assets represents the maximum credit risk amount.

The deposits and derivative financial products of the Company are traded in banks with good credit, and no significant credit risk will arise.

Due to the characteristics of the industry, the film sheet products of the Company are concentrated in a small number of customers, which makes the Company have a significant concentration of credit risk. As of December 31, 2023 and 2022, the ratio of the top five customers in the balance of accounts receivable (including related parties) was 63% and 43%, respectively. The Company has established a credit policy, according to which each customer's credit status is analyzed individually to determine its credit limit, and the customer's financial status is continuously evaluated on a regular basis and insurance is used to reduce risks.

2) Liquidity risks

Liquidity risk refers to the risk that the Company fails to deliver cash or other financial assets to pay off financial liabilities and fails to fulfill relevant obligations. The 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 Company as of December 31, 2023 and 2022 amounted to NT$14,748,638 thousand and NT$13,366,015 thousand, respectively.

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

	Contract cash flow	Within 6 months	6-12 months	1-5 years	More than 5 years
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	$ 1,499,828	996,134	503,694	-	-
Accounts payable (including related parties)	3,255,717	3,255,717	-	-	-
Other payables (including related parties)	1,009,728	1,009,728	-	-	-
Long-term borrowings (floating rate)	5,084,845	174,296	294,195	3,785,468	830,886
Lease liabilities (including related parties)	442,099	53,454	52,532	320,470	15,643
Guarantee deposits received	342	-	-	-	342
	$11,292,559	5,489,329	850,421	4,105,938	846,871
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	$ 1,056,403	854,991	201,412	-	-
Accounts payable (including related parties)	3,334,042	3,334,042	-	-	-
Other payables (including related parties)	1,190,415	1,190,415	-	-	-
Long-term borrowings (floating rate)	1,327,529	68,641	130,497	886,503	241,888
Lease liabilities (including related parties)	549,377	53,639	53,639	420,571	21,528
Guarantee deposits received	630	-	-	-	630
	$ 7,458,396	5,501,728	385,548	1,307,074	264,046
b) Foreign exchange swap - net delivery	$ 1,800	1,800	-	-	-

The Company does not expect a significant difference in the cash flows timing or the actual amount from the maturity analysis.

3) Market risk

Market risk refers to the risk that changes in market prices, such as exchange rate, interest rate, and equity instrument price will affect the earnings of the Company or the value of the financial instruments it holds. Financial risk management aims to manage the level of exposure to market risk within an acceptable range and maximize return on investment.

In order to manage market risks, the Company engages in derivative transactions, and its use is regulated by the policies adopted by the Board of Directors. Generally, the Company adopts hedging operations to manage profit and loss fluctuations.

a) Exchange rate risk

The Company is exposed to exchange rate risk arising from sales, procurement, and loan transactions that are not denominated in functional currencies. The functional currency of the Company is NTD. These non-functional currency transactions are mainly denominated in USD and JPY.

The hedging strategy of the Company is to sign forward foreign exchange contracts and Foreign exchange swaps to manage the exchange rate risk of the net foreign currency positions generated by the sales and purchase transactions that have occurred.

i. Risk and sensitivity analysis of exchange rate risk

The exchange rate risk of the Company mainly comes from foreign currency denominated cash and cash equivalents, accounts receivable (payable) (including related parties), other receivables (payables) (including related parties), bank loans, etc. Foreign currency exchange gains and losses occur at the time of conversion. The book value of major monetary assets and liabilities of the Company that are not denominated in functional currencies at the reporting date are as follows:

Currency unit: Thousands

	2023.12.31				
	Foreign currency	**Exchange rate**	**New Taiwan Dollar**	**Exchange rate changes**	**Profit and loss impact**
Financial assets					
USD	$ 95,344	30.750	2,931,828	1%	29,318
JPY	76,095	0.2175	16,551	1%	166
Financial liabilities					
USD	38,744	30.750	1,191,378	1%	11,914
JPY	6,750,742	0.2175	1,468,286	1%	14,683

	2022.12.31				
	Foreign currency	**Exchange rate**	**New Taiwan Dollar**	**Exchange rate changes**	**Profit and loss impact**
Financial assets					
USD	$ 100,657	30.730	3,093,190	1%	30,932
JPY	39,987	0.2330	9,317	1%	93
Financial liabilities					
USD	50,352	30.730	1,547,317	1%	15,473
JPY	5,803,273	0.2330	1,352,163	1%	13,522

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the details of the foreign exchange gains (losses) (including both realized and unrealized amount) for the years ended December 31, 2023 and 2022, please refer to Note 6 (21).

b) Interest rate risk

The Company's bank borrowings are all based on floating interest rates. In response to the risk of interest rate changes, the Company mainly adopts regular assessments of bank and currency borrowing rates, and maintains good relationships with financial institutions to obtain lower financing costs. Simultaneously, it cooperates with methods such as strengthening working capital management to reduce the degree of dependence on bank loans and diversify the risk of interest rate changes.

The sensitivity analysis below is determined based on the interest rate risk of non-derivative instruments on the reporting date. For floating-rate liabilities, the analysis method is based on the assumption that the amount of liabilities out of circulation at the reporting date will be out of circulation throughout the year. If the interest rate increases or decreases by 1%, and all other variables remain unchanged, the Company's net profit before tax for 2023 and 2022 will decrease or increase by NT$62,888 thousand and NT$23,169 thousand, respectively, which was due to the floating interest rate borrowings of the Company.

c) Equity instrument price risk

The stocks of domestic listed companies and non-listed companies held by the Company are subject to the risk of price changes in the equity securities market. The Company manages and monitors investment performance based on fair value.

The sensitivity analysis of the stock price risk of holding the aforementioned domestic listed companies and non-listed companies is based on the fair value changes on the reporting date. If the price of equity instruments increases/decreases by 5%, the amount of other comprehensive income for 2023 and 2022 will increase/decrease by NT$7,992 thousand and NT$7,553 thousand.

x. Capital management

The Company plans the capital management of the Company based on the characteristics of the current operating industry and the future development of the Company, as well as factors such as changes in the external environment, to ensure that the Company has the necessary financial resources and operating plans to meet the future needs of working capital, capital expenditures, research and development expenses, debt repayment and dividend expenditures.

y. Non-cash investing and financing activities

1) For details of the acquisition of the right-of-use assets by the Company through leasing in 2023 and 2022, please refer to Note 6 (10).

2) The adjustment of liabilities from financing activities is as follows:

	2023.1.1	Cash flow	Non-cash changes: Evaluation adjustment	2023.12.31
Short-term borrowings	$ 1,051,460	438,540	-	1,490,000
Long-term borrowings (including loans due within one year)	1,265,488	3,541,720	(8,367)	4,798,841
Guarantee deposits received	630	(288)	-	342
Lease liabilities (including related parties)	523,709	(98,712)	-	424,997
Total liabilities from financing activities and capitalization	$ 2,841,287	3,881,260	(8,367)	6,714,180

	2022.1.1	Cash flow	Non-cash changes: Addition on lease liabilities	Non-cash changes: Evaluation adjustment	2022.12.31
Short-term borrowings	$ 576,800	474,660	-	-	1,051,460
Long-term borrowings (including loans due within one year)	1,303,330	(39,650)	-	1,808	1,265,488
Guarantee deposits received	330	300	-	-	630
Lease liabilities (including related parties)	148,051	(99,091)	474,749	-	523,709
Total liabilities from financing activities and capitalization	$ 2,028,511	336,219	474,749	1,808	2,841,287

7. Related Party Transactions

a. The parent company and the ultimate controlling party

Qisda Technology Co., Ltd. is the ultimate controller of the Company and its subsidiaries, holding 43.56% of the Company's outstanding ordinary shares. Qisda Technology Co., Ltd. has prepared a consolidated financial statement for public use.

b. The names and relationships of related parties

Name of related parties	Relationship with the Company
Qisda Technology Co., Ltd. (Qisda)	Parent company of the Company
BenQ Materials (L) Co.(BMLB)	Subsidiary of the Company
BenQ Materials (Suzhou) Corp. (BMS)	Subsidiary of the Company
Daxon Biomedical (Suzhou) Co., Ltd. (DTB)	Subsidiary of the Company
BenQ Materials (Wuhu) Corp. (BMW)	Subsidiary of the Company
BenQ Materials Medical (Suzhou) Co., Ltd. (BMM)	Subsidiary of the Company
Sigma Medical Supplies Corp. (Sigma-Medical)	Subsidiary of the Company
Suzhou Sigma Medical Supply Co., Ltd. (SGS)	Subsidiary of the Company
Cenefom Corp. (Cenefom)	Subsidiary of the Company

Name of related parties	Relationship with the Company
Genejet Biotech Co., Ltd. (Genejet)	Subsidiary of the Company
Web-Pro Co., Ltd. (Web-Pro)	Subsidiary of the Company (Note)
Beyond Top Pte Ltd (WPSG)	Subsidiary of the Company (Note)
Web-Pro (Vietnam) Co., Ltd (WPVN)	Subsidiary of the Company (Note)
Visco Vision Inc. (Visco Vision)	Associates of the Company
MLK Bioscience Co., Ltd.	Associates of the Company
Visco Technology Sdn. Bhd.(VVM)	A subsidiary of Visco Vision
Other related parties:	
BenQ Foundation for Culture and Education	The actual related parties of Qisda
Darfon Electronics Co., Ltd. (Darfon)	Associates of Qisda
AUO Corporation (AUO)	The corporate shareholder of Qisda accounting under equity method
AU Optronics (Suzhou) Corporation (AUS)	Subsidiary of AUO
AU Optronics (Kunshan) Corporation	Subsidiary of AUO
AU Optronics (Xiamen) Corporation (AUX)	Subsidiary of AUO
Darwin Precision Industry Corporation	Subsidiary of AUO
Darwin Precision Industry (Xiamen) Co., Ltd.	Subsidiary of AUO
AUO Display Plus Corp.	Subsidiary of AUO
Daji Education Development Co., Ltd.	Subsidiary of AUO
Jector Digital Corporation	Subsidiary of AUO
DFI Inc.	Subsidiary of Qisda
BenQ Asia Pacific Corporation	Subsidiary of Qisda
BenQ Asia Pacific Malaysia Co., Ltd.	Subsidiary of Qisda
BenQ Asia Pacific Singapore Co., Ltd.	Subsidiary of Qisda
BenQ Asia Pacific Thailand Co., Ltd.	Subsidiary of Qisda
ACE Energy Co., Ltd.	Subsidiary of Qisda
MetaGuru Corporation (formerly known as BenQ Guru Corporation)	Subsidiary of Qisda
BenQ Corporation	Subsidiary of Qisda
Eastech Co., Ltd.	Subsidiary of Qisda
Concord Medical Co., Ltd.	Subsidiary of Qisda
Partner Tech Corp.	Subsidiary of Qisda
BenQ Medical Technology Corporation	Subsidiary of Qisda
BenQ AB DentCare Corporation	Subsidiary of Qisda
BenQ Healthcare Corporation	Subsidiary of Qisda

Name of related parties	Relationship with the Company
Standard Technology Corp.	Subsidiary of Qisda
Lily-Medical Corporation	Subsidiary of Qisda
Suzhou Qisda Electronics Co., Ltd.	Subsidiary of Qisda
Metaage Corporation	Subsidiary of Qisda
Ace Pillar Co., Ltd.	Subsidiary of Qisda
Data Image Corporation	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
Alpha Networks Inc.	Subsidiary of Qisda
Epic Cloud Co., Ltd.	Subsidiary of Qisda
DSIGroup Co., Ltd.	Subsidiary of Qisda
Actian Star Technology Co., Ltd.	Subsidiary of Qisda
Diva Laboratories, Ltd.	Subsidiary of Qisda

Note 1: On January 3, 2023, the Company obtained control over Web-Pro, and Web-Pro and its subsidiaries became the Company's subsidiaries.

c. Significant transactions with related parties

1) Sales revenue

	2023	2022
Subsidiaries:		
BMM	$ 437,210	479,636
Sigma-Medical	267,973	229,851
BMW	36,736	33,766
DTB	2,071	1,619
Other subsidiaries	1,839	52
Other related parties:		
AUO	3,387,870	3,283,317
AUS	925,859	953,580
AUX	801,710	826,266
Others	11,891	10,847
Associate - VVM	164,588	169,156
Other associates	502	765
Parent company	13	-
	$ 6,038,262	5,988,855

The transaction price sold to related parties is not significantly different from the general sales price, except that there is no general transaction price to compare due to the different specifications of some commodities. The collection period is 60~180 days, which has no significant difference from ordinary transactions.

2) Purchases

		2023	2022
Subsidiary - BMS	$	964,131	945,890
Subsidiary - BMW		69,399	195,077
Subsidiary - BMM		11,993	1,145
Subsidiary - Sigma-Medical		-	20
Other subsidiaries		1,529	1,322
Associate - Visco Vision		386,076	351,033
Other associates		-	10
Other related parties		-	65
	$	1,433,128	1,494,562

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

3) Property transaction

The acquisition prices of various assets acquired by the Company from related parties are summarized as follows:

Related parties category	Account item	2023	2022
Parent company	Intangible assets	150	2,349
Other related parties	Intangible assets	9,921	8,084
Other related parties	Property, plant and equipment	1,645	7,720
		11,716	18,153

The Company sold the machinery and equipment to other related parties in January 2022 at a selling price of NT$320 thousand, resulting in a disposal loss of NT$2,405 thousand. As of December 31, 2022, the relevant price has been collected.

4) Leases

The Company leases factories and offices from AUO, and the rent is paid on a monthly basis with reference to the rent prices in the neighboring areas. In 2022, the Company signed a new lease agreement with AUO for the lease of office and plant, and recognized the right-of-use assets and lease liabilities in the same amount of NT$474,749 thousand. The recognized interest expenses related to lease liabilities in 2023 and 2022 were NT$7,742 thousand and NT$902 thousand, respectively. The balance of lease liabilities as of December 31, 2023 and 2022 were NT$382,780 thousand and NT$474,526 thousand, respectively.

5) Donation

The Company has contributed donation to BenQ Foundation for Culture and Education in 2023 and 2022, with the amount of NT$2,500 thousand and NT$3,000 thousand, respectively.

6) Operating costs and expenses

The detailed breakdown of operating costs and expenses incurred by the Company for services such as technical consultation, marketing promotion, and advances provided by related parties is as follows:

Account item	Related parties category	2023	2022
Operating costs	Subsidiaries	$ 351	-
	Parent company	781	-
	Other related parties	300	530
Operating expenses	Subsidiaries	7,091	25,831
	Parent company	8,211	6,391
	Other related parties	11,008	5,220
	Associates	96	-
		$ 27,838	37,972

7) Manpower support

The Company provides manpower support services to a subsidiary, Sigma-Medical. The receivable amount for 2023 was NT$5,247 thousand and recorded under other gains and losses, and relevant receivables that have not received are categorized under other receivables - related parties.

The Company provides manpower support services to a subsidiary, Genejet. The receivable amounts for 2023 and 2022 were NT$1,912 thousand and NT$1,703 thousand, respectively, and recorded under other gains and losses and deduction of operating expenses. Relevant receivables that have not received are categorized under other receivables - related parties.

8) Amounts receivable from related parties

In summary, the details of the accounts receivable from related parties of the Company are as follows:

Account item	Related parties category	2023.12.31	2022.12.31
Accounts receivable - related parties, net	Subsidiary - BMM	$ 235,738	54,627
	Subsidiary - Sigma-Medical	51,015	7,569
	Subsidiary - BMW	34,656	3,595
	Subsidiary - DTB	1,182	842
	Other subsidiaries	262	174
	Other related parties - AUO	770,725	495,602
	Other related parties - AUS	69,998	155,639
	Other related parties - AUX	51,067	165,969
	Other related parties - others	1,237	1,676
	Associates	30,151	31,530
	Parent company	9	-
		1,246,040	917,223
Other receivables - related parties	Subsidiaries	7,517	1,703
	Parent company	31	-
		7,548	1,703
		$ 1,253,588	918,926

The Company sells the account receivables from related parties to the financial institution in a non-recourse manner in accordance with the agreement of the account receivables sale contract signed with the financial institution. The relevant information related to the transfer of creditor's rights in account receivables that meets the derecognition conditions is as follows:

2023.12.31

Underwriter	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 (5))	Interest rate range	Other important matters
CTBC Bank	$ 306,666	-	276,000	30,666	1.97%	None

2022.12.31						
Underwriter	**Sale amount**	**Amount still available in advance**	**Advance amount**	**Shown as other receivables (Note 6 (5))**	**Interest rate range**	**Other important matters**
Mega Bank	$ 512,167	-	460,950	51,217	5.44%	Guaranteed promissory note 150,000
CTBC Bank	361,931	-	325,738	36,193	5.10%	None -
	$ 874,098	-	786,688	87,410		150,000

9) Payables to related parties

In summary, the details of the amounts due to related parties by the Company are as follows:

Account item	Related parties category	2023.12.31	2022.12.31
Accounts payable - related parties	Subsidiary - BMS	$ 509,510	732,800
	Subsidiary - BMW	77,577	127,458
	Other subsidiaries	5,670	577
	Associate - Visco Vision	54,473	34,905
		647,230	895,740
Other payables - related parties	Parent company	1,659	100
	Subsidiaries	10,617	31,808
	Other related parties	12,175	19,654
	Associates	-	11
		24,451	51,573
		$ 671,681	**947,313**

d. Compensation of major managerial personnel

	2023	2022
Short-term employee benefits and compensation	$ 50,825	68,360
Retirement benefits	324	324
	$ 51,149	**68,684**

8. Pledged Assets

The details of the asset carrying value pledged as collateral by the Company are as follows:

Asset name	Purpose of pledge	2023.12.31	2022.12.31
Land, buildings and structures	Pledges of long-term borrowings	$ 605,565	617,584
Other financial assets - current	Customs deposits	9,675	10,464
		$ 615,240	628,048

9. Material Contingent Liabilities and Unrecognized Contractual Commitments

a. Significant unrecognized contract commitment:

	2023.12.31	2022.12.31
Signed and unpaid major engineering and equipment payments	$ 2,688,525	1,938,116
Unused letters of credit issued	599,974	1,552,960

10. Material Loss from Disaster: None

11. Material Subsequent Events: None.

12. Others

The functions of employee benefits, depreciation, and amortization expenses are summarized as follows:

Types of functions / Types of nature	2023 Operating costs	2023 Operating expenses	2023 Total	2022 Operating costs	2022 Operating expenses	2022 Total
Employee benefits expenses						
Salary expenses	916,068	695,352	1,611,420	1,127,922	773,001	1,900,923
Labor insurance and national health insurance	93,827	51,897	145,724	96,626	49,962	146,588
Pension expenses	36,414	28,443	64,857	37,752	26,936	64,688
Board of Directors' remuneration	1,425	14,831	16,256	4,798	19,796	24,594
Other employee benefits expenses	65,510	27,638	93,148	61,174	26,161	87,335
Depreciation expenses	402,211	125,579	527,790	359,322	106,077	465,399
Amortization expenses	10,718	22,804	33,522	15,837	23,682	39,519

	2023	2022
Number of employee	1,681	1,733
Number of directors who do not serve as employees	7	7
Average employee benefits expenses	$ 1,144	1,274
Average employee salary expenses	$ 963	1,101
Average employee salary adjustment	(12.53)%	6.69%
Supervisor's remuneration	$ -	-

The compensation and remuneration policy (including directors, managers, and employees) of the Company are as follows:

The remuneration of the directors of the Company is authorized by the Board of Directors in accordance with the Articles of Incorporation of the Company, and depends on the degree of participation and contribution value of the directors in the Company's operations. It will also be issued in accordance with the "Remuneration Measures for Directors and Functional Committee Members" stipulated by the domestic and foreign peers. In addition, if the Company has surplus, the Board of Directors shall resolve the amount of directors' remuneration in accordance with the Articles of Incorporation of the Company.

The appointment, dismissal, and remuneration of the general manager and deputy general managers of the Company shall be performed in accordance with company regulations. The remuneration standard is based on the remuneration policies and principles of the Company's remuneration committee and the Board of Directors, and the remuneration is issued with reference to the usual industry standards, company operating income, profitability, and individual performance of managers.

The main remuneration principle of the Company's employees is to connect responsibilities and performance results and provide market-competitive remuneration to attract, retain and cultivate talents for a long time, reflecting the Company's business risks and corporate governance structure instead of using short-term profit as the only indicator of salary and performance evaluation, and connect the long-term value of shareholders.

13. Supplementary Disclosures

a. Information on significant transactions

In accordance with the requirements of the regulations in 2023, the Company shall re-disclose the relevant information of significant transactions as follows:

1) Loaning funds to others:

Unit: NTD Thousands

No.	Lending company	Lending subject	Contact accounts	Whether he/she is related party	Highest endorsement or guarantee amount for current period	Balance at end of year	Actual amount expenditure	Interest rate range	Nature of financing (Note 4)	Transaction amount	Reason for financing	Provision for allowance for loss amount	Collateral		Limit on loans granted to a single party	Fund loan and total limit	Note
													Name	Value			
1	BMS	BenQ Materials (Wuhu) Corp.	Other receivables - related parties	Yes	1,180,045 (RMB 265,000)	1,149,146 (RMB 265,000)	881,590 (RMB 203,300)	1.30%	2	-	Operating turnover	-		-	1,907,217	1,907,217	(Note 1)
2	BMS	BenQ Materials Medical (Suzhou) Co., Ltd.	Other receivables - related parties	Yes	444,170 (RMB 100,000)	433,640 (RMB 100,000)	86,294 (RMB 19,900)	1.30%	2	-	Operating turnover	-		-	1,907,217	1,907,217	(Note 1)
3	Web-Pro	Web-pro (Vietnam) Co., Ltd.	Other receivables - related parties	Yes	860,000	215,250 (USD 7,000)	123,000 (USD 4,000)	1.00%~2.87%	2	-	Operating turnover	-		-	630,668	1,261,337	(Note 2)
4	DTB	BenQ Materials Medical (Suzhou) Co., Ltd.	Other receivables - related parties	Yes	22,209 (RMB 5,000)	21,682 (RMB 5,000)	16,045 (RMB 3,700)	1.30%	2	-	Operating turnover	-		-	37,864	37,864	(Note 3)

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

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

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

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

2) Endorsements/guarantees provided for others: None.

3) Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and joint equity):

Name of company held	Type and name of marketable securities	Relationship with the securities issuer	Listed accounts	Ending balance				
				Shares	Book amount	%	Fair value	Note
The Company	Shares of Biodenta Corporation	–	Financial assets at fair value through profit or loss	225	(Note)	2.50%	-	-
The Company	Shares of Lagis Corporation	–	Financial assets at fair value through other comprehensive income	1,680	63,840	5.25%	63,840	-
The Company	Shares of Summed Corporation	–	Financial assets at fair value through other comprehensive income	300	1,929	2.73%	1,929	-
The Company	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) The cumulative amount of purchase or selling the same securities reaches NT$300 million or more than 20% of the paid-in capital:

Companies involved in purchasing and selling	Type and name of marketable securities	Listed accounts	Counterparty	Relationship	Beginning Balance		Purchase		Sell				Ending Balance (Note 1)	
					Shares	Amount	Shares	Amount	Shares	Sale price	Book cost	Disposal of gains/losses	Shares	Amount
The Company	Web-Pro	Investments accounted for using the equity method	Previous shareholders of Web-Pro	N/A	-	-	35,700	3,161,999	-	-	-	-	35,700	2,908,093
Web-Pro	WPSG	Investments accounted for using the equity method	-	Parent company and subsidiaries	15,000	393,845	15,000	444,425 (Note 2)	-	-	-	-	30,000	765,713
WPSG	WPVN	Investments accounted for using the equity method	-	Parent company and subsidiaries	-	367,385	-	465,103 (Note 2)	-	-	-	-	-	758,203

Note 1: This represents the amount adjusted for the current period's profit or loss recognized under the equity method, dividend distributions, and other related adjustments.

Note 2: This represents cash capital increase of subsidiaries.

5) The amount of property acquired reaches NT$ 300 million or more than 20% of the paid-in capital:

Companies acquiring property	Name of asset	Date of occurrence	Transaction amount	Price payment situation	Counterparty	Relationship	The counterparty is a related party, and its previous transferred data				Reference basis for price determination	Objective of acquisition and usage	Other agreements
							Everyone	Relationship with publisher	Transfer date	Amount			
The Company	Housing and structures	Transaction signed on July 31, 2023	669,900 (tax included)	Unpaid	GO-IN Engineering Co., Ltd.	N/A	-	-	-	-	Inquiry & bargain	The Company's Plant in Yunke is under construction for production and operation	-

6) The amount of disposition of real estate reaches NT$300 million or more than 20% of the paid-in capital: 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:

Vendor/ Customer	Counterparty	Relationship	Transaction details				Unusual transaction terms and reasons		Notes and accounts receivable (payable)		Note
			Purchase (sale) goods	Amount	Ratio to total purchase (sell)	Credit period	Price	Credit period	Balance	Ratio to total notes or accounts receivable (payable)	
The Company	AUO	Other related parties	Sale	3,387,870	24%	OA90	(Note 1)	(Note 3)	770,725	27%	
The Company	AUS	Other related parties	Sale	925,859	7%	OA90	〃	〃	69,998	2%	
The Company	AUX	Other related parties	Sale	801,710	6%	OA90	〃	〃	51,067	2%	
The Company	BMM	Parent company and subsidiaries	Sale	437,210	3%	OA180	〃	〃	235,738	8%	(Note 4)
The Company	Sigma-Medical	Parent company and subsidiaries	Sale	267,973	2%	OA180	〃	〃	51,015	2%	(Note 4)
The Company	VVM	Associates	Sale	164,588	1%	OA90	〃	〃	29,811	1%	
The Company	BMS	Parent company and subsidiaries	Purchases	(964,131)	9%	OA180	(Note 2)	〃	(509,510)	16%	(Note 4)
The Company	Visco Vision	Associates	Purchases	(386,076)	4%	OA60	〃	〃	(54,473)	2%	

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

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

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

Note 4: For purchases and sales with subsidiaries, only the amount of the parent company will be disclosed, and the amount of its subsidiary will not be restated.

8) Receivables from related parties amounting to NT$100 million or 20% of the paid-in capital or more:

The companies that record such transactions as receivables	Counterparty	Relationship	Balance dues from related parties	Turnover rate (Note 1)	Overdue accounts receivables from related parties		Subsequently recovered amount from related party	Provision for allowance for loss amount
					Amount	Way of disposal		
BMS	The Company	Parent company and subsidiaries	509,510	1.55	20,059	-	50,342	-
The Company	AUO	Other related parties	770,725	3.81	-	-	-	-
The Company	BMM	Parent company and subsidiaries	235,738	3.01	-	-	-	-

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

9) Engaged in derivative transaction: For information on the transaction of derivative financial products by the Combined Company, please refer to Note 6 (2) of the Consolidated Financial Statements.

b. Information on reinvestment:

The information on the reinvestment business of the Company in 2023 is as follows (excluding the mainland invested company):

Investment company name	Investee companies	Location	Major business items	Original investment amount		Hold at the end of the period			Profit or loss of invested company in the current period	Investment profit/loss recognized in the current period	Note
				End of this period	End of last year	Shares	Ratio (%)	Book amount			
The Company	BMLB	Malaysia	Holding company	499,790	1,141,340	14,082	100.00%	1,683,095	(8,791)	(8,791)	
The Company	Sigma-Medical	Taiwan	Sales of medical equipment	231,727	231,727	2,000	100.00%	38,526	21,965	22,184	
The Company	Visco Vision	Taiwan	Manufacturing and sales of contact lenses	168,771	168,771	9,334	14.82%	457,486	301,613	48,678	
The Company	Cenefom	Taiwan	Development, manufacturing, and sales of medical equipment	272,968	272,968	11,646	50.98%	213,973	(17,770)	(11,922)	
The Company	Genejet	Taiwan	Development, manufacturing, and sales of medical equipment	47,860	43,316	4,070	75.63%	44,902	390	(1,328)	
The Company	Web-Pro	Taiwan	Development, manufacturing, and sales of healthcare materials and equipment	3,161,999	-	35,700	51.00%	2,908,093	234,992	105,434	
The Company	MLK	Taiwan	Development and sales of medical equipment	6,000	6,000	217	20.00%	4,086	(1,306)	(268)	
The Company	Coatmed	Taiwan	Sales of medical equipment	5,980	5,980	598	9.98%	4,257	(6,912)	(717)	
Web-Pro	WPSG	Singapore	Holding company	895,139	-	30,000	100.00%	765,713	(67,969)	-	
WPSG	WPVN	Vietnam	Manufacturing and sales of healthcare materials and equipment	926,053	-	-	100.00%	758,203	(69,034)	-	

c. Information on investments in mainland China:

1) Information on reinvestments in mainland China:

Investee companies in mainland	Major business items	Paid-up capital	Way of investments (Note 1)	Cumulative investment amount remitted from Taiwan - beginning of the period	Investment amount remitted or received for the current period		Cumulative investment amount remitted from Taiwan - end of the period	Profit or loss of invested company in the current period	Percentage of ownership through the Company's direct or indirect investment	Investment profits (losses) recognized for the current period	Carrying Amount as of December 31, 2023	Investment profits repatriated by the end of the current period
					Remit	Receive						
BenQ Materials (Suzhou) Corp. (BMS)	Processing of film sheet products	246,000 (USD 8,000)	(3)	891,750 (USD 29,000)	-	641,550 (USD 21,000)	246,000 (USD 8,000)	62,933	100.00%	62,933 (Note 2)	1,907,217	-
Daxon Biomedical (Suzhou) Co., Ltd. (DTB)	Provision of services and sales of related products such as medical equipment	47,700 (RMB 11,000)	(2)	-	-	-	-	11,963	100.00%	11,963 (Note 2)	37,864	-
BenQ Materials (Wuhu) Corp. (BMW)	Manufacture and sales of film sheet and cosmetic-related products	346,912 (RMB 80,000)	(3)	173,456 (RMB 40,000)	-	-	173,456 (RMB 40,000) (Note 3)	(84,788)	100.00%	(83,481) (Note 2)	(265,293)	-
BenQ Materials Medical (Suzhou) Co., Ltd. (BMM)	Sales and manufacturing of medical equipment	65,046 (RMB 15,000)	(2)	-	-	-	-	1,175	100.00%	1,175 (Note 2)	46,477	-
Suzhou Sigma Medical Supply Co., Ltd. (Suzhou Sigma-Medical)	Sales of medical equipment	22,202 (USD 722)	(1)	22,202 (USD 722)	-	-	22,202 (USD 722)	(1)	100.00%	(1) (Note 2)	1,075	-

Note 1: Ways of investments are as follows:

a. Direct investment in mainland companies.

b. Reinvestment of the surplus of BMLB to China.

c. Investing in mainland companies through the establishment of companies in the third region.

Note 2: The investment profits and losses are recognized based on the financial statements checked by the Taiwanese parent company certified accountant.

Note 3: Excluding the reinvestment of RMB 10,950 thousand reinvested by BMLB.

2) Limits on investments in mainland China:

Unit: NTD Thousands

Company name	Cumulative investment amount remitted from Taiwan to the mainland at the end of the period	Amount of investment approved by the Ministry of Economic Affairs Investment Committee	Upper limit on investment authorized by MOEAIC
The Company	419,456 (USD8,000 and RMB40,000)	531,986 (USD8,000 and RMB65,950)	(Note)
Sigma-Medical	22,202 (USD 722)	22,202 (USD 722)	80,000

It is converted according to the exchange rate of USD to NTD of 30.75 and RMB to NTD of 4.3364 at the end of the period.

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

3) Material transactions with investee companies in Mainland China:

Please refer to the "Information on significant transactions" section for direct or indirect major transactions between the Company and investees in mainland China for 2023.

d. Information on major shareholders:

Unit: Shares

Name of major shareholder / Shareholding	Holding shares	Share ownership %
BenQ Corporation	80,847,763	25.21%
Qisda Corporation	43,659,294	13.61%

Note: The major shareholders in this table are shareholders holding more than 5% of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases.

14. Segment Information

For details, please refer to the 2023 Consolidated Financial Statements.

BenQ Materials Corporation

Statements of Cash and Cash Equivalents

December 31, 2023

Unit: NT$ thousand

Items	Summary	Amount
Working capital		$ 95
Demand deposit and check deposit		42,743
Foreign currency deposit (Note)	USD: 7,852 thousand	241,449
	JPY: 28,313 thousand	6,158
	EUR: 8 thousand	275
	SGD: 15 thousand	355
	RMB: 26 thousand	112
	GBP: 9 thousand	338
		$ 291,525

(Note): Foreign currency deposits are converted according to the following spot exchange rate of December 31, 2023

Type of currency	Exchange rate to NTD
USD	30.750
JPY	0.2175
EUR	34.034
SGD	23.347
RMB	4.3364
GBP	39.191

BenQ Materials Corporation

Statements of Notes and Accounts Receivable

December 31, 2023

Unit: NT$ thousand

Customer name	Amount
Customer A	$ 347,696
Customer B	278,216
Customer C	189,688
Customer D	133,907
Customer E	103,352
Customer F	97,435
Customer G	94,623
Others (less than 5%)	406,188
Subtotal	1,651,105
Less: allowance of doubtful debts	(1,595)
	$ 1,649,510

Statement of Inventories

Items	Amount	
	Book value (Note)	Net realizable value
Raw material	$ 1,174,690	1,174,690
Work in progress	994,265	1,182,399
Finished goods	646,869	774,634
	$ 2,815,824	3,131,723

(Note): Net amount after deducting loss on allowance for inventory valuation and bad debt losses.

BenQ Materials Corporation

Statement of Other Current Assets

December 31, 2023

Unit: NT$ thousand

Items	Amount
Operation tax refundable	$ 114,917
Deferred expenses	31,533
Prepayments for insurance	10,381
Others (less than 5%)	34,807
	$ 191,638

Statement of Financial Assets at Fair Value through Other Comprehensive Income - Current

January 1 to December 31, 2023

	Beginning Balance		Increase in the period		Decrease in the period			Ending Balance		
Name	Shares (thousand shares)	Amount	Shares (thousand shares)	Amount	Shares (thousand shares)	Amount	Changes in unrealized profits and losses of financial assets	Shares (thousand shares)	Amount	Note
Listed company stock - Lagis Enterprise Co., Ltd.	1,680	$ 54,549	-	-	-	-	9,291	1,680	63,840	

BenQ Materials Corporation

Statement of Financial Assets at Fair Value Through Other Comprehensive Income - Non-Current Changes

January 1 to December 31, 2023

Unit: NT$ thousand/thousand shares

Name	Beginning Balance		Increase in the period		Decrease in the period		Changes in unrealized profits and losses on financial assets at fair value through other comprehensive income	Ending Balance		Note
	Shares (thousand shares)	Amount	Shares (thousand shares)	Amount	Shares (thousand shares)	Amount		Shares (thousand shares)	Amount	
Unlisted company shares - Summed Corporation	300	$ 2,426	-	-	-	-	(497)	300	1,929	
Unlisted company shares - Cuumed Catheter Medical Co., Ltd.	3,429	$ 94,078	-	-	-	-	-	3,429	94,078	
		$ 96,504		-		-	(497)		96,007	

Statement of Other Financial Assets - Current

December 31, 2023

Items	Summary	Amount
Tariff deposit		$ 9,675

BenQ Materials Corporation

Statement of Investment Changes Accounted Under the Equity Method

January 1 to December 31, 2023

Unit: NT$ thousand/thousand shares

Name	Balance at beginning of year		Increase in the period		Decrease of the period (Note 3)		Investment income (loss)	Equity method adjustment (Note)	Unrealized gross profit	Balance at end of year			Net equity (market price)		Guarantee or pledge
	Shares	Amount	Shares	Amount	Shares	Amount				Shares	Share ownership %	Amount	Price	Total price	
Web-Pro	-	$ -	35,700 (Note 1)	3,161,999	-	(357,000)	105,434	(2,340)	-	35,700	51.00%	2,908,093	45.05	1,608,205	N/A
BMLB	35,082	2,316,977	-	-	(21,000)	(641,550)	(8,791)	(25,038)	41,497	14,082	100.00%	1,683,095	119.52	1,683,095	〃
Visco Vision	9,334	471,428	-	-	-	(51,335)	48,678	(11,285)	-	9,334	14.82%	457,486	217.00	2,025,429	〃
Cenefom	11,646	226,196	-	-	-	-	(11,922)	(301)	-	11,646	50.98%	213,973	13.60	158,400	〃
Sigma-Medical	2,000	101,308	-	-	-	(85,000)	22,184	34	-	2,000	100.00%	38,526	22.07	44,131	〃
MLK	217	4,347	-	-	-	-	(268)	7	-	217	20.00%	4,086	(1.48)	(322)	〃
Coatmed	598	4,974	-	-	-	-	(717)	-	-	598	9.98%	4,257	5.70	3,409	〃
Genejet	3,767	42,811	303 (Note 2)	4,542	-	-	(1,328)	(1,123)	-	4,070	75.63%	44,902	9.77	39,749	〃
Total		$3,168,041		3,166,541		(1,134,885)	153,270	(40,046)	41,497			5,354,418			

(Note) The equity method is adjusted as follows:

Exchange differences arising on translation of financial statements of foreign operations	$ (38,672)
Remeasurement of defined benefit plans	50
Change in capital surplus from investments in subsidiaries accounted for using equity method (retained earnings)	(301)
Difference between prices of shares acquired from subsidiaries and book value (retained earnings)	(1,123)
	$ (40,046)

Note 1: The Company merged Web-Pro Co., Ltd. by cash.

Note 2: The Company increased its shares by 303 thousand shares with cash investment of NT$4,542 thousand.

Note 3: The decrease in the current period is due to obtaining of the return of capital of capital reduction of NT$641,550 thousand from BMLB, obtaining of cash dividend of NT$357,000 thousand from Web-Pro, obtaining of cash dividend of NT$51,335 thousand from Visco Vision, and obtaining of cash dividend of NT$85,000 thousand from Sigma-Medical.

BenQ Materials Corporation

Statement of Other Non-Current Assets

December 31, 2023

Unit: NT$ thousand

Items	Summary	Amount
Deferred expenses		$ 12,039

Statement of Short-term Loans

Type of loan	Explanation	Balance at end of year	Contract period	Interest rate range	Financing amount	Pledge or guarantee	Note
Unsecured loans	Mega Bank	$ 50,000	2023.12~ 2024.01	1.85%	600,000	N/A	
Unsecured loans	The Export-Import Bank of the Republic of China	500,000	2023.11~ 2024.11	1.82%	500,000	N/A	
Unsecured loans	Yuanta Bank	500,000	2023.10~ 2024.01	1.80%	500,000	N/A	
Unsecured loans	Bank of Taiwan	300,000	2023.12~ 2024.03	1.80%	800,000	N/A	
Unsecured loans	Taipei Fubon Bank	140,000	2023.10~ 2024.01	1.75%	307,500	N/A	
		$ 1,490,000					

BenQ Materials Corporation

Statement of Accounts Payable

December 31, 2023

Unit: NT$ thousand

Vendor names	Amount
Vendor A	$ 557,864
Vendor B	435,169
Vendor C	263,756
Vendor D	229,567
Vendor E	159,944
Others (less than 5%)	962,187
	$ 2,608,487

Statement of Accounts Payable - Related Parties

Vendor names	Summary	Amount
BMS		$ 509,510
BMW		77,577
Visco Vision		54,473
Others (all less than 5% of the subject amount)		5,670
		$ 647,230

BenQ Materials Corporation

Statement of Other Payables

December 31, 2023

Unit: NT$ thousand

Items		Amount
Payable bonus	$	213,031
Payable for engineering equipment		177,820
Employee salaries payable		93,664
Payable bonuses for non-leaving pay		58,538
Payable employee dividends		52,739
Others (less than 5%)		416,429
	$	**1,012,221**

Statement of Other Payables - Related Parties

Name	Summary		Amount
AUO		$	9,088
Sigma-Medical			8,550
Web-Pro			1,665
Qisda			1,659
Others (all less than 5% of the subject amount)			3,489
		$	**24,451**

BenQ Materials Corporation

Statements of Other Current Liabilities

December 31, 2023

Unit: NT$ thousand

Items	Summary	Amount
Refund liabilities		$ 78,976
Contract liabilities		43,675
Return for repair and exchange		10,325
Collection of social welfare insurance		8,346
Others		13,495
		$ 154,817

Statement of Long-Term Borrowings

Creditor	Summary	Borrowing amount	Contract period	Interest rate %	Mortgage or pledge
Syndication and Structured Finance, including E.Sun Bank	5-year mid-long-term syndicated loan	$ 1,440,000	2022~2027	2.08%	Please refer to Note 8 for details
KGI Bank	Line of medium-term loans	500,000	2023~2026	2.21%	-
EnTie Bank	Line of medium-term loans	600,000	2023~2026	2.27%	-
Chang Hwa Bank	Taiwanese businessmen return to Taiwan project loan	795,338	2020~2030	1.75%	-
Bank of Taiwan	Taiwanese businessmen return to Taiwan project loan	704,813	2020~2033	1.80%	-
Hua Nan Bank	Taiwanese businessmen return to Taiwan project loan	411,155	2023~2033	1.90%	-
First Bank	Taiwanese businessmen return to Taiwan project loan	347,535	2023~2033	1.90%	-
Less: long-term borrowings due within one year		(381,943)			
		$ 4,416,898			

BenQ Materials Corporation

Statement of lease liabilities (current and non-current)

December 31, 2023

Unit: NT$ thousand

Items	Lease period	Discount rate	Balance at end of year
Housing and structures	2019.06~2031.09	1.79%	$ 424,997
Current:			
Related party - AUO			$ 93,401
Non-related parties			$ 5,796
Non-current:			
Related party - AUO			$ 289,379
Non-related parties			$ 36,421

Statement of Other Non-Current Liabilities

Items	Summary	Amount
Deferred government subsidy income		$ 21,229
Liabilities of defined benefit plans		12,116
Guarantee deposits received		342
		$ 33,687

BenQ Materials Corporation

Statement of Operating Revenue

January 1 to December 31, 2023

Items	Amount
Film sheet products	$ 12,308,140
Medical products	1,695,768
	$ 14,003,908

BenQ Materials Corporation

Statement of Operating Costs

January 1 to December 31, 2023

Unit: NT$ thousand

Items	Amount
Raw material	
Raw materials of beginning period (including inventory in transit)	$ 1,211,198
Add: Input amount, net	8,338,346
Less: Raw materials at the end of the period (including inventory in transit)	(1,394,879)
Relisted expenses of current period	(360,058)
Raw materials on sale	(161,930)
Raw materials consumed of period	7,632,677
Direct labor	732,286
Manufacturing expenses	1,760,430
Manufacturing cost	10,125,393
Add: Products in progress at the beginning of the period (including inventory in transit)	787,002
Transfer in various expenses	10,677
Work in process purchased	60,977
Less: Products in progress at the end of the period (including inventory in transit)	(1,084,655)
Sell semi-finished products	(906,195)
Obsolescence of semi-finished products write down to allowance for loss of inventory depreciation	(68,076)
Cost of finished goods	8,925,123
Add: Finished products at the beginning of the period (including inventory in transit)	807,244
Purchase finished products	1,884,356
Less: Finished products at the end of the period (including inventory in transit)	(739,984)
Relisted expenses of current period	(28,999)
Sale cost	10,847,740
Reversal gain on inventory market price decline	(10,823)
Raw materials on sale	161,930
Sell semi-finished products	906,195
Operating costs	$ 11,905,042

BenQ Materials Corporation

Statement of Sales and Marketing Expenses

January 1 to December 31, 2023

Unit: NT$ thousand

Items	Amount
Compensation expenditure	$ 229,370
Advertising expenses	135,883
Shipping expenses	55,296
Insurance expenses	34,151
Commission expenses	28,710
Other expenses (all less than 5%)	135,612
	$ 619,022

Statement of Administrative Expenses

Items	Amount
Compensation expenditure	$ 128,212
Service expenses	14,636
Directors' remuneration	12,795
Insurance expenses	11,998
Other expenses (all less than 5%)	50,079
	$ 217,720

BenQ Materials Corporation

Statement of Research and Development Expenses

January 1 to December 31, 2023

Unit: NT$ thousand

Items	Amount
Compensation expenditure	$ 337,770
Indirect materials	245,906
Depreciation	116,540
Others (less than 5%)	184,954
	$ 885,170

Please refer to Note 6 (2) of the Parent Company Only Financial Statements for the Statement of Financial Assets at Fair Value through Profit or Loss - Current

Please refer to Note 6 (5) of the Parent Company Only Financial Statements for the Statement of Other Receivables

Please refer to Note 6 (9) of the Parent Company Only Financial Statements for the Statement of Changes in Property, Plant and Equipment

Please refer to Note 6 (9) of the Parent Company Only Financial Statements for the Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment

Please refer to Note 6 (10) of the Parent Company Only Financial Statements for the Statement of Changes in Right-of-use Assets

Please refer to Note 6 (11) of the Parent Company Only Financial Statements for the Statement of Changes in Intangible Assets

Please refer to Note 6 (16) of the Parent Company Only Financial Statements for the Statement of Deferred Income Tax Assets

Please refer to Note 6 (2) of the Parent Company Only Financial Statements for the Statement of Financial Liabilities at Fair Value through Profit or Loss - Current

Please refer to Note 6 (16) of the Parent Company Only Financial Statements for the Statement of Deferred Income Tax Liabilities

Please refer to Note 6 (21) of the Parent Company Only Financial Statements for the Statement of Other Income

Please refer to Note 6 (21) of the Parent Company Only Financial Statements for the Statement of Other Net Profits and Losses

Please refer to Note 6 (21) of the Parent Company Only Financial Statements for the Statement of Financial Costs

Please refer to Note 7 of the Parent Company Only Financial Statements for the Statement of Accounts Receivable - Related Parties

Please refer to Note 7 of the Parent Company Only Financial Statements for the Statement of Other Receivables - Related Parties