

**INVENTEC BESTA CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Review Report**

**For the three months ended March 31, 2022 and 2021**

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

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## **Independent Auditors' Review Report**

To the Board of Directors of Inventec Besta Co., Ltd.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Inventec Besta Co., Ltd. and its subsidiaries as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards (“IASs”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

### **Scope of Review**

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard No.65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As stated in Note (4)(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$25,522 thousand and \$29,952 thousand, constituting 3.13% and 3.6% of consolidated total assets as of March 31, 2022 and 2021, respectively; total liabilities amounting to \$7,683 thousand and \$7,597 thousand, constituting 4.74% and 2.67% of consolidated total liabilities as of March 31, 2022 and 2021, respectively ; and total comprehensive income (loss) amounting to \$1,760 thousand, and \$(358) thousand, constituting (9.64)% and 2.69% of consolidated total comprehensive income (loss) for the three months ended March 31, 2022 and 2021, respectively.

## **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Inventec Besta Co., Ltd. and its subsidiaries as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Shu-Ling Lien and Rou-Lan Kuo.

KPMG

Taipei, Taiwan (Republic of China) May 12, 2022

### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31,2022 and 2021

## INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

March 31,2022, December 31,2021 and March 31,2021

(Expressed in Thousands of New Taiwan Dollars)

			March 31,2022		December 31,2021		March 31,2021					March 31,2022		December 31,2021		March 31,2021	
Assets			Amount	%	Amount	%	Amount	%	Liabilities and equity			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>									<b>Current Liabilities:</b>								
1100	Cash and cash equivalents	(Note(6)(a))	\$ 407,910	50	441,092	49	176,018	21	2100	Short-term borrowings	(Notes(6)(k))	\$ -	-	-	-	20,000	3
1140	Current contract assets	(Note(6)(q))	2,233	-	2,647	-	5,789	1	2130	Current contract liabilities	(Note(6)(q))	7,928	1	3,256	-	11,025	1
1150	Notes receivable, net	(Note(6)(c))	5,185	1	3,892	-	3,122	-	2150	Notes payable		125	-	13,059	2	-	-
1170	Accounts receivable, net	(Notes(6)(c)and(7))	83,559	10	121,167	13	144,747	18	2170	Accounts payable		50,862	7	95,005	11	85,553	10
1200	Other receivables, net	(Note(6)(d)and(7))	26,851	3	29,768	3	35,802	4	2180	Accounts payable due from related parties, net	(Note(7))	-	-	596	-	63,542	8
1220	Current tax assets		50	-	114	-	104	-	2200	Other payables	(Note(7))	29,523	4	48,221	5	30,232	4
130X	Inventories	(Note(6)(e))	50,566	7	71,161	8	93,130	11	2280	Current lease liabilities	(Notes(6)(l),(v)and(7))	3,272	-	3,492	-	3,637	-
1460	Non-current assets held for sale, net	(Note(6)(f))	-	-	-	-	135,377	16	2300	Other current liabilities		10,092	1	11,611	1	8,741	1
1476	Other current financial assets	(Note(6)(j)and(8))	37,401	5	35,231	4	39,081	5				101,802	13	175,240	19	222,730	27
1479	Other current assets others		27,153	3	24,711	3	20,071	3									
			640,908	79	729,783	80	653,241	79									
<b>Non-current assets:</b>									<b>Non-current liabilities:</b>								
1517	Non-current financial assets at fair value through other comprehensive income	(Notes(6)(b))	5,100	1	6,735	1	13,011	2	2570	Deferred tax liabilities		13,156	2	13,156	2	13,156	2
1600	Property, plant and equipment	(Note(6)(g))	127,547	15	129,287	14	131,928	16	2580	Non-current lease liabilities	(Note(6)(l),(v)and(7))	9,768	1	9,660	1	7,065	1
1755	Right-of-use assets	(Note(6)(h))	13,289	2	12,943	2	9,523	1	2640	Net defined benefit liability, non-current	(Note(6)(m))	35,017	4	37,265	4	38,032	4
1780	Intangible assets	(Note(6)(i))	9,698	1	11,043	1	9,748	1	2670	Other non-current liabilities, others		2,277	-	2,240	-	3,198	-
1840	Deferred tax assets		3,189	-	3,189	-	3,189	-				60,218	7	62,321	7	61,451	7
1980	Other non-current financial assets	(Note(6)(j)and(8))	14,805	2	15,205	2	10,208	1		<b>Total liabilities</b>		162,020	20	237,561	26	284,181	34
1990	Other non-current assets		-	-	154	-	416	-									
			173,628	21	178,556	20	178,023	21		<b>Equity attributable to owners of parent:</b>	(Note(6)(o))						
									3100	Share capital		623,663	77	623,663	69	623,663	75
									3200	Capital surplus		100,180	12	100,180	11	100,180	12
									3300	Retained earnings		41,510	5	60,897	7	(61,675)	(7)
									3400	Other equity interest		(112,837)	(14)	(113,962)	(13)	(115,085)	(14)
										<b>Total equity</b>		652,516	80	670,778	74	547,083	66
<b>Total assets</b>			\$ 814,536	100	908,339	100	831,264	100		<b>Total liabilities and equity</b>		\$ 814,536	100	908,339	100	831,264	100

**INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the three months ended March 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

		For the three months ended March 31,			
		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue	\$ 174,814	100	215,616	100
	(Note(6)(q)and(7))				
5000	Operating costs	(154,265)	(88)	(184,250)	(85)
	(Note(6)(e))				
	<b>Gross profit from operations</b>	<b>20,549</b>	<b>12</b>	<b>31,366</b>	<b>15</b>
	<b>Operating expenses:</b>				
6100	Selling expenses	(20,017)	(11)	(24,018)	(12)
6200	Administrative expenses	(10,937)	(6)	(11,929)	(6)
6300	Research and development expenses	(15,400)	(9)	(17,766)	(8)
6450	Expected credit gain (loss)	697	-	(416)	-
	<b>Total operating expenses</b>	<b>(45,657)</b>	<b>(26)</b>	<b>(54,129)</b>	<b>(26)</b>
	<b>Net operating loss</b>	<b>(25,108)</b>	<b>(14)</b>	<b>(22,763)</b>	<b>(11)</b>
	<b>Non-operating income and expenses:</b>				
	(Note(6)(s))				
7100	Interest income	483	-	347	-
7010	Other income	1,981	1	7,151	4
7020	Other gains and losses	3,353	2	1,719	1
7050	Finance costs	(96)	-	(82)	-
	<b>Total non-operating income and expenses</b>	<b>5,721</b>	<b>3</b>	<b>9,135</b>	<b>5</b>
7900	<b>Loss from continuing operations before tax</b>	<b>(19,387)</b>	<b>(11)</b>	<b>(13,628)</b>	<b>(6)</b>
7950	Less: Tax expense	-	-	45	-
	(Note(6)(n))				
	<b>Loss for the period</b>	<b>(19,387)</b>	<b>(11)</b>	<b>(13,673)</b>	<b>(6)</b>
	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that will never be reclassified to profit or loss</b>				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(2,082)	(1)	-	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	<b>Total items that will not be reclassified subsequently to profit or loss</b>	<b>(2,082)</b>	<b>(1)</b>	<b>-</b>	<b>-</b>
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361	Foreign operations – foreign currency translation differences	3,207	2	437	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to loss	-	-	87	-
	<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>3,207</b>	<b>2</b>	<b>350</b>	<b>-</b>
	<b>Other comprehensive income (loss) for the year net of tax</b>	<b>1,125</b>	<b>1</b>	<b>350</b>	<b>-</b>
8500	<b>Total comprehensive loss for the period</b>	<b>\$ (18,262)</b>	<b>(10)</b>	<b>(13,323)</b>	<b>(6)</b>
	<b>Earnings per share</b>				
	(Note(6)(p))				
9750	<b>Basic earnings per share (dollars)</b>	<b>\$ (0.31)</b>		<b>(0.22)</b>	
9850	<b>Diluted earnings per share (dollars)</b>	<b>\$ (0.31)</b>		<b>(0.22)</b>	

The accompanying notes are an integral part of the consolidated financial statements.

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

**INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent					Total Equity
	Capital Stock		Retained Earnings	Other Equity Interest		
	Share Capital	Capital Surplus	Unappropriated Retained Earnings (Accumulated deficit)	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from financial assets measured at fair value through other comprehensive income	
<b>Balance at January 1, 2021</b>	\$ 623,663	100,180	(48,002)	39,965	(155,400)	560,406
Net loss for the period	-	-	(13,673)	-	-	(13,673)
Other comprehensive income(loss) for the period	-	-	-	350	-	350
Total comprehensive income(loss) for the period	-	-	(13,673)	350	-	(13,323)
<b>Balance at March 31, 2021</b>	<b>\$ 623,663</b>	<b>100,180</b>	<b>(61,675)</b>	<b>40,315</b>	<b>(155,400)</b>	<b>547,083</b>
<b>Balance at January 1, 2022</b>	\$ 623,663	100,180	60,897	47,738	(161,700)	670,778
Net loss for the period	-	-	(19,387)	-	-	(19,387)
Other comprehensive income(loss) for the period	-	-	-	3,207	(2,082)	1,125
Total comprehensive income(loss) for the period	-	-	(19,387)	3,207	(2,082)	(18,262)
<b>Balance at March 31, 2022</b>	<b>\$ 623,663</b>	<b>100,180</b>	<b>41,510</b>	<b>50,945</b>	<b>(163,782)</b>	<b>652,516</b>

The accompanying notes are an integral part of the consolidated financial statements.

**REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS****INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Loss before income tax	\$ (19,387)	(13,628)
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss)</b>		
Depreciation expense	3,535	3,937
Amortization expense	1,683	1,530
Expected credit loss (gain)	(697)	416
Interest expense	96	82
Interest income	(483)	(347)
Other adjustments	-	(4)
<b>Total adjustments to reconcile profit</b>	<b>4,134</b>	<b>5,614</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Contract assets	388	2,425
Notes receivable	(1,358)	6,823
Accounts receivable	38,653	(45,840)
Other receivables	2,713	(2,602)
Inventories	20,595	(4,351)
Other current assets	(2,434)	7,625
<b>Total changes in operating assets</b>	<b>58,557</b>	<b>(35,920)</b>
<b>Changes in operating liabilities:</b>		
Contract liabilities	4,672	(28,536)
Notes payable	(12,934)	(1,744)
Accounts payables	(44,248)	(3,602)
Accounts payable to related parties	(574)	(12,192)
Other payables	(15,974)	(12,923)
Other current liabilities	(1,575)	1,856
Net defined benefit liabilities	(2,248)	(22,461)
<b>Total changes in operating liabilities</b>	<b>(72,881)</b>	<b>(79,602)</b>
<b>Total changes in operating assets and liabilities</b>	<b>(14,324)</b>	<b>(115,522)</b>
<b>Total adjustments</b>	<b>(10,190)</b>	<b>(109,908)</b>
Cash outflow generated from operations	(29,577)	(123,536)
Interest received	538	411
Interest paid	(117)	(112)
Income taxes received	64	116
<b>Net cash outflow used in operating activities</b>	<b>(29,092)</b>	<b>(123,121)</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(2,745)	(1,621)
Acquisition of intangible assets	(1,053)	(994)
(Increase) Decrease in other financial assets	(670)	150
Decrease (increase) in other non-current assets	154	(154)
<b>Net cash outflow used in investing activities</b>	<b>(4,314)</b>	<b>(2,619)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	-	20,000
Payment of lease liabilities	(1,363)	(1,701)
Increase in other non-current liabilities	27	18
<b>Net cash inflow (outflow) from financing activities</b>	<b>(1,336)</b>	<b>18,317</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,560</b>	<b>211</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(33,182)</b>	<b>(107,212)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>441,092</b>	<b>282,230</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 407,910</b>	<b>176,018</b>

The accompanying notes are an integral part of the consolidated financial statements.



**INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**March 31, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

**(1) Overview**

Inventec Besta Co., Ltd. (“the Company”) was incorporated on February 17, 1989 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is 6F-1, No. 56, Lane 258, Rui Guang Road, Nei Hu Dist., Taipei, Taiwan, R.O.C. The Company and its subsidiaries (“the Group”) were engaged primarily in the design, research, development, and sale of electronic dictionaries, electrical dictionaries, digital products, etc., and cloud business. On August 21, 2007, the Taiwan Stock Exchange Corporation (TWSE) approved the IPO of the Company, and the Company’s first trading began on October 29 of the same year.

**(2) Financial Statements Authorization Date and Authorization Process**

The consolidated financial statements were authorized for issuance by the Board of Directors on May 12, 2022.

**(3) New Standards, Amendments and Interpretations Adopted**

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022.

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.  The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

**(4) Summary of Significant Accounting Policies**

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31,2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31,2021.

(b) Basis of consolidation

(1) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements includes:

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			March 31, 2022	December 31,2021	March 31,2021	
The Company	Inventec Besta (BVI) Co., Ltd.	Investment management	100%	100%	100%	
"	Besta (Cayman) Co., Ltd.	Investment management	100%	100%	100%	
Inventec Besta (BVI) Co., Ltd.	Inventec Besta (XiAn) Co., Ltd.	Design, research and sale of electronic products	100%	100%	100%	(note 1)
Besta (Cayman) Co., Ltd.	Besta (Kunshan) Co., Ltd.	Sale of consumer electronics and related products	100%	100%	100%	(note 1)
"	Besta Digital Technology Co., Ltd.	Sale of electronic dictionaries and PDA-related products	100%	100%	100%	
Besta (Kunshan) Co., Ltd.	Kunshan Besta Electronics Limited	Sale of electronic dictionaries and PDA-related products	- %	100%	100%	(note 1 and 2)

Note 1: The financial statements of the non-significant subsidiaries have not been reviewed.

Note 2: The boards of directors resolved to dissolve Kunshan Besta Electronics Limited on September 27, 2021, and the liquidation and dissolution process has been completed on March 14,2022.

(2) Subsidiaries excluded from the consolidated financial statements: None.

(c) Non-current assets held for sale, net

The Board of Directors of the Group. resolved to disposal its real estate on the first quarter of 2021, non-current assets held for sale of accounting policies will adopt from March 31, 2021. Non-current asset to be classified as held highly probable to sale if it's carrying amount will be recovered principally through a sale transaction instead of through continuing use. Immediately before classification as held for sale or held for distribution to owners, the assets (or disposal group) are re-measured in accordance with the Consolidated Company's

## INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

accounting policies. Thereafter, generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group will first be allocated to goodwill, and then the remaining assets and liabilities will be apportioned on a pro rata basis, except that no loss is allocated to assets not in the scope of IAS 36 - Impairment of Assets. Such assets will continue to be measured in accordance with the Company's accounting policies.

When the assets classified as held for sale are property, plant and equipment, they are no longer amortized or depreciated.

#### (d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

#### (e) Employee benefits

The pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

### (5) Significant Accounting Judgments, Estimation, Assumptions, and Sources of Estimation Uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(6) Explanation to Significant Accounts**

(a) Cash and cash equivalents

	<u>March 31,2022</u>	<u>December 31, 2021</u>	<u>March 31,2021</u>
Cash on hand	\$ 502	419	368
Demand deposits	56,929	81,681	23,807
Foreign currency deposits	33,259	59,656	35,830
Cash equivalents -Time deposits	237,176	234,325	84,610
Cash equivalents -Bond	80,044	65,011	31,403
Total	<u>\$ 407,910</u>	<u>441,092</u>	<u>176,018</u>

Please refer to Note 6(t) for the disclosure of interest rate risk and sensitivity analysis of the financial assets of the Group.

The aforesaid financial assets were not pledged as collateral.

(b) Non-current financial assets at fair value through other comprehensive income

	<u>March 31,2022</u>	<u>December 31, 2021</u>	<u>March 31,2021</u>
Equity instruments at fair value through other comprehensive income:			
Stocks listed on domestic markets	<u>\$ 5,100</u>	<u>6,735</u>	<u>13,011</u>

As of March 31,2022, the balance of accumulate unrealized evaluation losses amounted to \$155,400.

The Group holds 6% of common shares of Anhui Raise Victa Technology Co., Ltd, and investing the amount of CNY 3,000. The main operating activities of Anhui Raise Victa Technology Co., Ltd., are intelligent voice product development.

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the three months ended March 31,2022 and 2021.

Please refer to Note 6(t) for fair value of financial instrument.

The aforesaid financial assets were not pledged as collateral.

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Notes and accounts receivable, net

	<u>March 31,2022</u>	<u>December 31, 2021</u>	<u>March 31,2021</u>
Notes receivable	\$ 5,255	3,897	3,126
Accounts receivable	89,319	127,864	146,470
Less: Allowance for impairment	(5,830)	(6,702)	(1,724)
Unrealized Interest Revenue	-	-	(3)
	<u><b>\$ 88,744</b></u>	<u><b>125,059</b></u>	<u><b>147,869</b></u>

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables on March 31,2022, December 31,2021 and March 31,2021. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision, were determined as follows:

	<u>March 31, 2022</u>		
	<u>Gross carrying amount</u>	<u>Expected loss rate</u>	<u>Loss allowance provision</u>
Not past due	\$ 65,956	0.00%~1.34%	784
Less than 30 days past due	13,546	1.33%~1.92%	180
31 to 90 days past due	7,050	1.33%~20.54%	94
91 to 180 days past due	6,500	1.33%~50.00%	3,250
More than 181 days past due	1,522	1.33%~100.00%	1,522
	<u><b>\$ 94,574</b></u>		<u><b>5,830</b></u>

	<u>December 31, 2021</u>		
	<u>Gross carrying amount</u>	<u>Expected loss rate</u>	<u>Loss allowance provision</u>
Not past due	\$ 107,889	0.14%~0.76%	174
Less than 30 days past due	5,367	0.14%~6.02%	12
31 to 90 days past due	11,889	0.14%~25.62%	1,650
91 to 180 days past due	5,142	0.14%~100.00%	3,392
More than 181 days past due	1,474	0.14%~100.00%	1,474
	<u><b>\$ 131,761</b></u>		<u><b>6,702</b></u>

## INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

	March 31, 2021		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Not past due	\$ 132,063	0.00%~1.10%	1,035
Less than 30 days past due	11,190	0.00%~3.22%	217
31 to 90 days past due	6,343	0.00%~24.03%	472
	<b>\$ 149,596</b>		<b>1,724</b>

The movement in the allowance for notes and accounts receivable was as follows:

	For the three months ended March 31,	
	2022	2021
	Balance at January 1	\$ 6,702
Impairment losses recognized	(872)	580
Amounts written off	-	(250)
Balance at March 31	<b>\$ 5,830</b>	<b>1,724</b>

(d) Other receivables, net

	December 31,		
	March 31, 2022	2021	March 31, 2021
Other receivables	\$ 31,329	34,097	39,216
Less: Allowance for impairment loss	(4,478)	(4,329)	(3,414)
	<b>\$ 26,851</b>	<b>29,768</b>	<b>35,802</b>

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables on March 31,2022, December 31,2021 and March 31,2021. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporate forward looking information. The loss allowance provision as of March 31,2022, December 31,2021 and March 31,2021 were determined as follows:

	March 31, 2022		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Not past due	\$ 13,778	0.00%~1.47%	204
Less than 30 days past due	6,256	0.00%~2.76%	172
31 to 90 days past due	6,181	2.77%~10.00%	370
91 to 180 days past due	5,114	2.98%~70.00%	3,732
	<b>\$ 31,329</b>		<b>4,478</b>

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Expected loss rate</b>	<b>Loss allowance provision</b>
Not past due	\$ 17,035	0.00%~0.30%	49
Less than 30 days past due	5,148	1.74%	90
31 to 90 days past due	11,135	1.76%~50.00%	3,411
91 to 180 days past due	779	1.98%~100.00%	779
	<b><u>\$ 34,097</u></b>		<b><u>4,329</u></b>

	<b>March 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Expected loss rate</b>	<b>Loss allowance provision</b>
Not past due	\$ 20,828	0.00%~0.74%	50
Less than 30 days past due	5,411	0.00%~1.45%	57
31 to 90 days past due	9,250	0.00%~1.85%	129
91 to 180 days past due	3,660	0.00%~85.00%	3,111
More than 180 days past due	67	0.00%~100.00%	67
	<b><u>\$ 39,216</u></b>		<b><u>3,414</u></b>

The movement in the allowance for other receivables was as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 4,329	3,535
Impairment losses (recognized) reversed	149	(121)
Balance at March 31	<b><u>\$ 4,478</u></b>	<b><u>3,414</u></b>

(e) Inventories

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Raw materials and consumables	\$ 11,968	19,507	9,572
Work in process	2,919	2,719	3,503
Finished goods	11,702	5,745	3,379
Merchandise	23,977	43,190	76,676
	<b><u>\$ 50,566</u></b>	<b><u>71,161</u></b>	<b><u>93,130</u></b>



**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the three months ended March 31,2022 and 2021, the components of cost of goods sold were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Cost of goods sold	\$ 154,462	181,917
Loss on inventory valuation and obsolescence	(197)	2,333
Total	<b>\$ 154,265</b>	<b>184,250</b>

The allowance for inventory valuation and obsolescence loss was due to the decline of inventory to net realizable value or obsolescence, which was recognized as cost of goods sold. However, its reversal was due to the disappearance of the inventories abandoned that resulted in net realizable value which was lower than the costs, and the increase in net realizable value was due to the decrease of the operation costs.

As of March 31,2022, December 31,2021 and March 31,2021 the Group's inventories were not pledged as collateral.

(f) Non-current assets held for sale, net

The Board of Directors of the Group resolved to dispose the office of NeiHu Science Park on March 29, 2021, and the asset were listed in disposal group held for sale. As of March 31,2021, non-current assets held for sale amounted to \$135,377. For other related information, please refer to Note 6(g), and were as follows:

	<b>March 31, 2021</b>
Property, plant and equipment	<b>\$ 135,377</b>

The Group did not recognize an impairment loss after fair value less costs to sell.

(g) Property, Plant and Equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<u>Land</u>	<u>Building and Construction</u>	<u>Machinery and Equipment</u>	<u>Others</u>	<u>Total</u>
Cost or deemed cost:					
Balance at January 1, 2022	\$ 60,950	68,457	25,942	55,040	210,389
Additions	-	-	-	638	638
Disposals	-	-	-	(224)	(224)
Effect of movements in exchange rate	-	494	318	54	866
Balance at March 31, 2022	<b><u>\$ 60,950</u></b>	<b><u>68,951</u></b>	<b><u>26,260</u></b>	<b><u>55,508</u></b>	<b><u>211,669</u></b>
Balance at January 1, 2021	\$ 146,274	151,145	28,800	57,526	383,745
Additions	-	-	-	175	175
Disposals	-	-	(17)	(74)	(91)
Reclassification	-	-	194	(194)	-
Assets held for sale	(85,324)	(82,778)	-	-	(168,102)
Effect of movements in exchange rate	-	63	40	7	110
Balance at March 31, 2021	<b><u>\$ 60,950</u></b>	<b><u>68,430</u></b>	<b><u>29,017</u></b>	<b><u>57,440</u></b>	<b><u>215,837</u></b>
Depreciation and impairment losses:					
Balance at January 1, 2022	\$ -	19,120	24,874	37,108	81,102
Depreciation for the period	-	338	100	2,181	2,619
Disposals	-	-	-	(224)	(224)
Effect of movements in exchange rate	-	263	312	50	625
Balance at March 31, 2022	<b><u>\$ -</u></b>	<b><u>19,721</u></b>	<b><u>25,286</u></b>	<b><u>39,115</u></b>	<b><u>84,122</u></b>
Balance at January 1, 2021	\$ -	50,082	27,245	36,711	114,038
Depreciation for the period	-	706	134	1,769	2,609
Disposals	-	-	(17)	(74)	(91)
Reclassification	-	-	194	(194)	-
Assets held for sale	-	(32,725)	-	-	(32,725)
Effect of movements in exchange rate	-	32	39	7	78
Balance at March 31, 2021	<b><u>\$ -</u></b>	<b><u>18,095</u></b>	<b><u>27,595</u></b>	<b><u>38,219</u></b>	<b><u>83,909</u></b>

## INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Carrying amounts:

Balance at January 1, 2022	<u>\$ 60,950</u>	<u>49,337</u>	<u>1,068</u>	<u>17,932</u>	<u>129,287</u>
Balance at March 31, 2022	<u>\$ 60,950</u>	<u>49,230</u>	<u>974</u>	<u>16,393</u>	<u>127,547</u>
Balance at January 1, 2021	<u>\$ 146,274</u>	<u>101,063</u>	<u>1,555</u>	<u>20,815</u>	<u>269,707</u>
Balance at March 31, 2021	<u>\$ 60,950</u>	<u>50,335</u>	<u>1,422</u>	<u>19,221</u>	<u>131,928</u>

The Board of Directors resolve to dispose the office of NeiHu Science Park on March 29, 2021, be classified as non-current assets held for sale amounted to \$135,377 as of March 31, 2021. The Board of Directors resolved to enter into an agreement with non-related party for the sale of its real estate on April 26, 2021, and the change of relevant business registration had been completed in June 2021.

(h) Right-of-use assets

	Buildings and Construction	Machinery and Equipment	Total
Carrying amounts:			
Balance at January 1, 2022	<u>\$ 12,943</u>	<u>-</u>	<u>12,943</u>
Balance at March 31, 2022	<u>\$ 13,289</u>	<u>-</u>	<u>13,289</u>
Balance at January 1, 2021	<u>\$ 10,093</u>	<u>741</u>	<u>10,834</u>
Balance at March 31, 2021	<u>\$ 9,523</u>	<u>-</u>	<u>9,523</u>

There were no significant additions, disposal, or impairment in property, plant and equipment the three months ended March 31, 2022 and 2021. For other information, please refer to Note 6(h).

(i) Intangible assets

	Trademark	Royalties	Other intangible assets	Total
Carrying amounts:				
Balance at January 1, 2022	<u>\$ 6,312</u>	<u>3,507</u>	<u>1,224</u>	<u>11,043</u>
Balance at March 31, 2022	<u>\$ 6,312</u>	<u>2,549</u>	<u>837</u>	<u>9,698</u>
Balance at January 1, 2021	<u>\$ 6,312</u>	<u>2,190</u>	<u>1,592</u>	<u>10,094</u>
Balance at March 31, 2021	<u>\$ 6,312</u>	<u>2,049</u>	<u>1,387</u>	<u>9,748</u>

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

1. Amortization and Impairment

For the three months ended March 31, 2022 and 2021, the amortization of intangible assets was respectively included in the statement of comprehensive income:

	For the three months ended March 31,	
	2022	2021
Operating costs	\$ 125	85
Operating expenses	\$ 1,558	1,445

2. Impairment loss and subsequent reversal

The Group performs the impairment test where there are indications of impairment of intangible assets. The recoverable amount is determined by the value in use. The accumulated impairment losses on other royalties all to \$47,865 as of March 31, 2022, December 31, 2021, and March 31, 2021

(j) Other financial assets

The Group other financial assets were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
	Time deposits over three months	\$ 32,762	31,451
Refundable deposits	17,444	16,985	15,108
Pledged time deposits	2,000	2,000	3,168
Total	\$ 52,206	50,436	49,289

As of March 31, 2022, December 31, 2021 and March 31, 2021, the details of other financial assets were pledged as collateral, please refer to Note 8.

(k) Short-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
	Unsecured bank loans	\$ -	-
Unused credit facility	\$ 367,145	366,602	418,465
Range of interest rates	-	-	1.30%

The Group for the collateral for short-term borrowings, please refer to Note 8. The interest expense, please refer to Note 6(s).

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(l) Lease liabilities

The carrying amounts of lease liabilities of the Group were as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current	<u>\$ 3,272</u>	<u>3,492</u>	<u>3,637</u>
Non-current	<u>\$ 9,768</u>	<u>9,660</u>	<u>7,065</u>

For the maturities analysis, please refers to Note 6(t) of financial instruments.

The amounts recognized in profit or losses were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	<u>\$ 68</u>	<u>34</u>
Expenses relating to short-term leases	<u>\$ 66</u>	<u>153</u>

The amounts recognized in the statement of cash flows for the Group were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	<u>\$ 1,497</u>	<u>1,888</u>

1. Real estate leases

The leases of office space typically run of a period for 1 to 5 year. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

2. Others lease information

The Group also leases office equipment, which are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(m) Employee benefits

1. Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial results as of December 31, 2021 and 2020.

## INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The details of the Group's expenses were as follows:

	For the three months ended March 31,	
	2022	2021
Operating cost	\$ 7	9
Selling expenses	31	43
Administration expenses	33	37
Research and development expenses	15	32
Total	<b>\$ 86</b>	<b>121</b>

As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group recognized the amount to \$35,017, \$37,265 and \$38,032 as the net defined benefit liability.

#### 2. Defined contribution plans

	For the three months ended March 31,	
	2022	2021
Operating cost	\$ 75	87
Selling expenses	776	1,789
Administration expenses	294	319
Research and development expenses	735	1,219
Total	<b>\$ 1,880</b>	<b>3,414</b>

#### (n) Income taxes

##### 1. Income tax expense

The details of the Group's income tax expenses were as follows:

	For the three months ended March 31,	
	2022	2021
Current income tax expense		
Current period incurred	\$ -	45
Tax expense from continuing operations	<b>\$ -</b>	<b>45</b>

The amount of income tax expense recognized in other comprehensive income was as follows:

	For the three months ended March 31,	
	2022	2021
Items that be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<b>\$ -</b>	<b>87</b>

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2. Status of approval of income tax

The Company's tax returns for the years through 2020 have been examined and approved by the Taipei National Tax Administration.

(o) Capital and other equity

Except for the following disclosures, there was no significant change for capital and other equity for the three months ended March 31,2022 and 2021. For the related information, please refer to Note 6(n) of the consolidated financial statements for the year ended December 31,2021.

1. Retained earnings

The Company's articles of incorporation require that after-tax earnings shall first be offset against any accumulated deficit, and 10% of the rest be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. In addition, according to the operation needs of the Company and the provisions of laws and regulations, The remaining earnings, if any, any remaining profit together with previous undistributed retained earnings. Surplus distribution based on issuance of new shares approved by the Board of Directors, should be resolved during the shareholder's meeting. The Company should distribute dividends and bonus, or all or part of the legal reserve (only the portion of legal reserve which exceeds 25 percent of the paid-in capital) and capital surplus, stipulated by the Company Act, as cash dividends based on the resolution of the Board of Directors with two-thirds directors present and approved by one-half of the present directors. The Board of Directors submitted to the stockholders' meeting for approval.

2. Earnings Distribution

On March 14,2022, the Company's Board of Directors resolved the earnings distribution of 2021. On July 15,2021, the Annual general meeting resolved the loss of-setting proposals of 2020.

After the relevant meeting, the information on prior year's distribution of the Company's earnings were announced through the Market Observation Post System on the internet.

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3. Other equity, net of tax

	<b>Exchange difference on translation of foreign financial statements</b>	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>
Balance at January 1, 2022	\$ 47,738	(161,700)
Exchange differences on foreign operations	3,207	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(2,082)
Balance at March 31, 2022	<b><u>\$ 50,945</u></b>	<b><u>(163,782)</u></b>
Balance at January 1, 2021	\$ 39,965	(155,400)
Exchange differences on foreign operations	350	-
Balance at March 31, 2021	<b><u>\$ 40,315</u></b>	<b><u>(155,400)</u></b>

(p) Earnings per share

The following are the calculation of basic earnings per share and diluted earnings per share:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Basic losses per share</b>		
Losses attributable to the Company	<b><u>\$ (19,387)</u></b>	<b><u>(13,673)</u></b>
Weighted-average number of outstanding ordinary shares (Basic/ Diluted) (Thousands of share)	<b><u>62,366</u></b>	<b><u>62,366</u></b>
Basic/Diluted losses per share (dollars)	<b><u>\$ (0.31)</u></b>	<b><u>(0.22)</u></b>
<b>Diluted losses per share</b>		
Losses attributable to the Company	<b><u>\$ (19,387)</u></b>	<b><u>(13,673)</u></b>
Weighted-average number of outstanding ordinary shares (Basic) (Thousands of share)	62,366	62,366
Effect of employee share bonus	154	-
Weighted-average number of outstanding ordinary shares (Diluted) (Thousands of share)	<b><u>62,520</u></b>	<b><u>62,366</u></b>
Diluted losses per share (dollars)	<b><u>\$ (0.31)</u></b>	<b><u>(0.22)</u></b>



**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(q) Revenue from contracts with customers

1. Disaggregation of revenue

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Primary geographical markets:		
Taiwan	\$ 108,952	143,767
Japan	34,597	28,186
America and Canada	13,002	8,284
Czechia	8,326	11,714
Singapore and Malaysia	3,832	9,267
Other Countries	6,105	14,398
	<b>\$ 174,814</b>	<b>215,616</b>
Major products:		
Sale of electronic products	\$ 167,754	203,497
Business Services	7,060	12,119
	<b>\$ 174,814</b>	<b>215,616</b>

2. Contract balances

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Accounts receivable	\$ 94,574	131,761	149,593
Less: Allowance for impairment	(5,830)	(6,702)	(1,724)
Total	<b>\$ 88,744</b>	<b>125,059</b>	<b>147,869</b>
Contract asset	\$ 2,263	2,651	5,853
Less: Allowance for impairment	(30)	(4)	(64)
Total	<b>\$ 2,233</b>	<b>2,647</b>	<b>5,789</b>
Contract liabilities	<b>\$ 7,928</b>	<b>3,256</b>	<b>11,025</b>

Please refer to Note 6(c) for details on accounts receivable and allowance for impairment. The amounts of revenue recognized for the three months ended March 31, 2022 and 2021, that were included in the contract liability balance at the beginning of the period were \$268 and \$32,704, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation that the Group derived from the transfer of a good or service to the customer to be satisfied and the payment to be received.

## INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(r) Remuneration of employees and directors

The Company's articles of incorporation require that earnings shall first be offset against any deficit. A minimum of 3% will be distributed as employee remuneration and a maximum of 3% will be allocated as directors' remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the board of directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The Group incurred losses before tax for the three months ended March 31, 2022 and 2021, and thus, the Group was not accrued any remuneration to its employees and directors. The related information can be assessed from the Market Observation Post System on the web site.

The remunerations to employees amounted to \$2,797 thousand for the year ended December 31, 2021. There is no difference between the estimated employees' and directors' remuneration, which was stated in the financial statements. The Company incurred losses before tax for the year ended December 31, 2020, and thus, the Group was not accrued any remuneration to its employees and directors.

(s) Non-operating income and expenses

1. Interest income

The details of interest income are as follows:

	For the three months ended	
	March 31,	
	2022	2021
Interest income		
Bank deposit	\$ 444	314
Other income	39	33
	<u>\$ 483</u>	<u>347</u>

2. Other income

The details of other income are as follows:

	For the three months ended	
	March 31,	
	2022	2021
Rental income	\$ 1,965	2,813
Government grants	-	4,320
Other income, others	16	18
	<u>\$ 1,981</u>	<u>7,151</u>

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3. Other gains and losses

The details of other gains and losses are as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains (losses), net	\$ 3,364	2,822
Others	(11)	(1,103)
	<b>\$ 3,353</b>	<b>1,719</b>

4. Finance costs

The details of finance cost are as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Interest expense		
Bank borrowings	\$ 28	44
Others	68	38
	<b>\$ 96</b>	<b>82</b>

(t) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk and market risk. For other related information, please refer to Note 6(s) of the consolidated financial statements for the year ended December 31, 2021.

1. Credit risk

(a) Receivables and equity securities of credit risk

Please refer to Note 6(c) for notes and accounts receivable of credit risk exposure.

Please refer to Note 6(d) for impairment of financial assets at amortized cost including other receivables, etc.

Please refer to Note 6(b) of details on investments and financial instruments at fair value through other comprehensive income including private stock, etc.

2. Liquidity risk

The following are the contractual maturities of financial liabilities of the Group, including the impact of netting arrangements:

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>More than 5 years</u>
<b>Balance at March 31, 2022</b>							
Non-derivative financial liabilities							
Notes payable	\$ 125	125	125	-	-	-	-
Accounts payable	50,862	50,862	50,862	-	-	-	-
Other payables	29,523	29,523	29,523	-	-	-	-
Lease Liabilities	13,040	13,654	1,600	1,889	3,888	5,969	308
Receipts under custody (reported as other current liabilities)	1,733	1,733	1,733	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	2,277	2,277	338	198	898	843	-
	<b>\$ 97,560</b>	<b>98,174</b>	<b>84,181</b>	<b>2,087</b>	<b>4,786</b>	<b>6,812</b>	<b>308</b>

**Balance at December 31, 2021**

Non-derivative financial liabilities							
Notes payable	\$ 13,059	13,059	13,059	-	-	-	-
Accounts payable	95,601	95,601	95,601	-	-	-	-
Other payables	48,221	48,221	48,221	-	-	-	-
Lease Liabilities	13,152	13,684	1,893	1,818	3,637	5,909	427
Receipts under custody (reported as other current liabilities)	2,047	2,047	2,047	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	2,240	2,240	328	198	898	816	-
	<b>\$ 174,320</b>	<b>174,852</b>	<b>161,149</b>	<b>2,016</b>	<b>4,535</b>	<b>6,725</b>	<b>427</b>

**Balance at March 31, 2021**

Non-derivative financial liabilities							
Unsecured bank loans	\$ 20,000	20,021	20,021	-	-	-	-
Accounts payable	149,095	149,095	149,095	-	-	-	-
Other payables	30,232	30,232	30,232	-	-	-	-
Lease Liabilities	10,702	11,141	2,425	1,337	2,683	4,696	-
Receipts under custody (reported as other current liabilities)	1,258	1,258	1,258	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	3,198	3,198	156	21	1,590	1,431	-
	<b>\$ 214,485</b>	<b>214,945</b>	<b>203,187</b>	<b>1,358</b>	<b>4,273</b>	<b>6,127</b>	<b>-</b>

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The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

#### 3. Market risk

##### (a) Currency risk

The Group's exposures to significant currency risk were those from its foreign currency denominated financial assets and liabilities as follows:

		<b>March 31, 2022</b>		
		<b>Foreign currency (In thousand)</b>	<b>Exchange rate</b>	<b>TWD</b>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	4,782	USD : TWD 28.5750	136,646
		44	USD : CNY 6.3585	1,257
CNY		28	CNY : TWD 4.4940	126
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD		842	USD : TWD 28.5750	24,060
		<b>December 31, 2021</b>		
		<b>Foreign currency (In thousand)</b>	<b>Exchange rate</b>	<b>TWD</b>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	4,916	USD : TWD 27.6700	136,026
		6	USD : CNY 6.3682	166
CNY		28	CNY : TWD 4.3450	122
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD		1,291	USD : TWD 27.6700	35,722

## INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

		March 31, 2021		
		Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	5,960	USD : TWD 28.5100	169,920
		64	USD : CNY 6.5737	1,825
CNY		28	CNY : TWD 4.3370	121
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD		1,030	USD : TWD 28.5100	29,365

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable and other payables that are denominated in foreign currency. A 0.5% depreciation or appreciation of the NTD against the USD and CNY as of March 31, 2022 and 2021, would have increased or decreased the net loss after tax for the three months ended March 31, 2022 and 2021, would have increased or decreased the net loss after tax \$570 and \$713, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

(b) Foreign exchange gain and loss on monetary items

The exchange gains (losses) of Group monetary items (included realized and unrealized) converted into the functional currency amount, and converted to the parent company's functional currency Taiwan Dollar exchange rate Information were as follow:

		For the three months ended March 31,			
		2022		2021	
		Foreign exchange gains(losses)	Average exchange rate	Foreign exchange gains(losses)	Average exchange rate
TWD	\$	3,403	1.000	2,822	1.000
CNY		(39)	4.4195	-	4.3275

4. Interest risk

The interest rate exposure of the Group's financial assets and liabilities is described in Note on liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk. The assets and liabilities with variable rates on the reporting date are access with the

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
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assumption that the amount of liabilities outstanding at the maturity date.

If the interest rate increases or decreases by 0.5%, the Group's net loss will decrease or increase by \$66 and \$8 for the three months ended March 31, 2022 and 2021, assuming all other variable factors that remain constant. This is mainly due to the Group's time deposits in variable rate and borrowings.

5. Fair value of financial instruments

(a) Fair value hierarchy

The Group's financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	March 31, 2022				Total
	Book Value	Fair Value			
	Level 1	Level 2	Level 3		
<b>Financial assets at fair value</b>					
<b>through other comprehensive income</b>					
Unquoted equity instruments	\$ 5,100	-	-	5,100	5,100
measured at fair value					
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	407,910	-	-	-	-
Notes receivable, accounts	115,595	-	-	-	-
receivable and other receivables					
Other financial assets	52,206	-	-	-	-
Subtotal	575,711	-	-	-	-
Total	<b>\$ 580,811</b>	<b>-</b>	<b>-</b>	<b>5,100</b>	<b>5,100</b>

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<b>March 31, 2022</b>					
		<b>Fair Value</b>			
<b>Book Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
<b>Financial liabilities at amortized cost</b>					
Notes payable, accounts payable and other payables	\$ 79,695	-	-	-	-
Lease liabilities	13,040	-	-	-	-
Receipts under custody (reported as other current liabilities)	1,733	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	2,277	-	-	-	-
<b>Total</b>	<b>\$ 96,745</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>December 31, 2021</b>					
		<b>Fair Value</b>			
<b>Book Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
<b>Financial assets at fair value through other comprehensive income</b>					
Unquoted equity instruments measured at fair value	\$ 6,735	-	-	6,735	6,735
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	441,092	-	-	-	-
Notes receivable, accounts receivable and other receivables	154,827	-	-	-	-
Other financial assets	50,436	-	-	-	-
Subtotal	646,355	-	-	-	-
<b>Total</b>	<b>\$ 653,090</b>	<b>-</b>	<b>-</b>	<b>6,735</b>	<b>6,735</b>
<b>Financial liabilities at amortized cost</b>					
Notes payable, accounts payable and other payables	\$ 155,974	-	-	-	-
Lease liabilities	13,152	-	-	-	-
Receipts under custody (reported as other current liabilities)	2,047	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	2,240	-	-	-	-
<b>Total</b>	<b>\$ 173,413</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
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	March 31, 2021				
	Book Value	Fair Value			Total
	Level 1	Level 2	Level 3		
<b>Financial assets at fair value</b>					
<b>through other comprehensive income</b>					
Unquoted equity instruments measured at fair value	\$ 13,011	-	-	13,011	13,011
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	176,018	-	-	-	-
Notes receivable, accounts receivable and other receivables	183,671	-	-	-	-
Other financial assets	49,289	-	-	-	-
Subtotal	408,978	-	-	-	-
<b>Total</b>	<b>\$ 421,989</b>	<b>-</b>	<b>-</b>	<b>13,011</b>	<b>13,011</b>
<b>Financial liabilities at amortized cost</b>					
Bank loans	\$ 20,000	-	-	-	-
Notes payable, accounts payable and other payables	178,985	-	-	-	-
Lease liabilities	10,702	-	-	-	-
Receipts under custody (reported as other current liabilities)	1,258	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	3,198	-	-	-	-
<b>Total</b>	<b>\$ 214,143</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(b) Valuation techniques for financial instruments measured at fair value

(b-1) Non-derivative financial instruments

The fair value of financial instruments was evaluated by using the valuation technique or prices of financial instruments of comparable peers that are publicly traded. The fair value acquired through valuation technique may refer to other financial instruments with substantially similar conditions and characteristics, discounted cash flow analysis or other valuation technique, including the market information can be obtained on the consolidated balance sheet date and calculated using the model.

The stocks, drafts and bonds of listed companies are financial assets and liabilities with standard terms and conditions which are traded in the active markets. Their fair values are based on the quoted market prices.

## INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

For equity instruments that have no quoted prices, the comparable listed companies' method is used to estimate their fair values. The main assumption for the model is the earnings before interests, taxes, depreciation and amortization, and the earnings multiplier derived from comparable listed companies. The estimate has adjusted the impact of the lack of market liquidity of the equity securities.

Fair value is a quoted price in an active market if the markets for financial instruments have quoted price. The fair values of equity instrument listed companies and debt instruments quoted price in active market are based on published price in the mainly active securities exchange and Central Government Bonds (CGBs) in the OTC market.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is an indication of non-active market.

(c) Reconciliation of level 3 fair value

	<b>Fair value through other comprehensive income</b> <hr style="border: 0.5px solid black;"/> <b>Unquoted equity instruments</b> <hr style="border: 0.5px solid black;"/>
<b>Balance at January 1, 2022</b>	\$ 6,735
Total gains and losses recognized in	
Other comprehensive income	(2,082)
Effect of movements in exchange rate	447
<b>Balance at March 31, 2022</b>	<b><u>\$ 5,100</u></b>
<b>Balance at January 1, 2021</b>	\$ 12,954
Effect of movements in exchange rate	57
<b>Balance at March 31, 2021</b>	<b><u>\$ 13,011</u></b>

## INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021, total gains and losses included in “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

<b>For the three months ended March 31,</b>	
<b>2022</b>	<b>2021</b>

Total gains and losses recognized:

In other comprehensive income, and presented in

“unrealized gains and losses from financial assets at

fair value through other comprehensive income”     \$ (2,082)                     -

(d) The quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through other comprehensive income – equity investments”.

The Group’s financial assets at fair value through other comprehensive income-equity investments without an active market have more than one significant unobservable inputs. The significant unobservable inputs of financial assets at fair value through other comprehensive income-equity investments without an active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation Technique</b>	<b>Significant Non- observable Input</b>	<b>The Relationship between Significant Non-observable Input and Fair Value measurement</b>
Financial assets at fair value through other comprehensive income - equity investments without an active market	Comparable listed companies’ method	• Multiplier of price-to-book ratio (As of March 31, 2022, December 31, 2021 and March 31, 2021 were 3.75~5.22、4.53~6.78 and 4.08~8.59)	• The higher the PB, the higher the fair value. • The higher the illiquidity discount rate, the lower the fair value.

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

<b>Item</b>	<b>Valuation Technique</b>	<b>Significant Non-observable Input</b>	<b>The Relationship between Significant Non-observable Input and Fair Value measurement</b>
		<ul style="list-style-type: none"> <li>Market illiquidity discount (As of March 31, 2022, December 31, 2021 and March 31, 2021 were 15%~20%、15%~20% and 15%~20%)</li> </ul>	

- (e) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's fair value measurement on financial instruments is reasonable. The measurement would differ if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss will be as follows:

	<b>Input</b>	<b>Variation</b>	<b>Impact of Fair Value Change on Other Comprehensive income or loss</b>	
			<b>Favorable Change</b>	<b>Unfavorable Change</b>
<b>March 31, 2022</b>				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Multiplier of price-to-book ratio	5%	\$ 256	(256)
Equity investments without an active market	Market illiquidity discount	5%	<u>319</u>	<u>(319)</u>
			<u><b>\$ 575</b></u>	<u><b>(575)</b></u>

## INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

		Input	Variation	Impact of Fair Value Change on Other Comprehensive income or loss	
				Favorable Change	Unfavorable Change
Financial assets at fair value through other comprehensive income					
Equity investments without an active market	Multiplier of price-to-book ratio		5%	\$ 339	(339)
Equity investments without an active market	Market illiquidity discount		5%	421	(421)
				<b>\$ 760</b>	<b>(760)</b>

#### March 31, 2021

Financial assets at fair value through other comprehensive income					
Equity investments without an active market	Multiplier of price-to-book ratio		5%	\$ 460	(460)
Equity investments without an active market	Market illiquidity discount		5%	620	(620)
				<b>\$ 1,080</b>	<b>(1,080)</b>

The favorable change and unfavorable change refer to the fluctuation of fair value. The fair value is calculated based on the different levels of unobservable inputs. The table above shows the impact on single input. Therefore, the relations and variations between inputs are not considered.

(t) Financial risk management

There were no significant changes in the Group's objectives and policies applied in the financial risk management as compared to Note 6(t) of the consolidated financial statements for the year ended December 31,2021.

(u) Capital management

The Group's objectives, policies, and processes for capital management were consistent with the consolidated financial statements for the year ended December 31,2021. There were no significant changes in the quantified factors of capital management as compared to the consolidated financial for the year ended December 31,2021. For other information about the capital management, please refer to Note 6(u) of the consolidated financial statements for the year ended December 31,2021.

## INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (v) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flows for the three months ended March 31, 2022 and 2021.

Reconciliation of liabilities arising from financing activities were as follows:

	<b>January 1,2022</b>	<b>Cash flows</b>	<b>Non-cash changes</b>		<b>March 31, 2022</b>
			<b>Other</b>	<b>Foreign exchange movement</b>	
Lease liabilities	\$ 13,152	(1,363)	1,159	92	13,040
Total liabilities from financing activities	<b>\$ 13,152</b>	<b>(1,363)</b>	<b>1,159</b>	<b>92</b>	<b>13,040</b>

	<b>January 1,2021</b>	<b>Cash flows</b>	<b>Non-cash changes</b>		<b>March 31, 2021</b>
			<b>Other</b>	<b>Foreign exchange movement</b>	
Short-term loans	\$ -	20,000	-	-	20,000
Lease liabilities	12,387	(1,701)	-	16	10,702
Total liabilities from financing activities	<b>\$ 12,387</b>	<b>18,299</b>	<b>-</b>	<b>16</b>	<b>30,702</b>

#### (7) Related Party Transactions

- (a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Group.

- (b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<b>Name of related party</b>	<b>Relationship with the Group</b>
Inventec Corporation	The entity with significant influence over the Group
Inventec Appliances Corp.	Other related party of the Group
Inventec (Pudong) Technology Corp.	"
AIMobile Co., Ltd.	"
Inventec Appliances (XI'AN) Corporation	"
SQ Technology (Shanghai) Corporation	"

## INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(c) Significant transactions with related parties

1. Sales revenue

The amounts of significant sales by the Group to related parties were as follows:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
Associates	\$ 1,761	1,175
Other related parties	3,118	-
	<b>\$ 4,879</b>	<b>1,175</b>

Prices for the sales above were negotiated, the sales prices and collection terms aren't the same as those with other customers. The collection terms are within 30 and 90 days after arrival.

2. Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
Associates	\$ 300	2,936
Others related parties:		
AIMobile Co., Ltd.	-	25,650
Other	270	-
	<b>\$ 570</b>	<b>28,586</b>

Prices for the purchases above were negotiated, there is no other vendor as comparison for the above purchases, and the purchase prices are based on the settling prices agreed by both sides. The payment term is under conditions of purchase.

3. Receivables from related parties

The receivables by the Group from related parties were as follows:

<b>Financial</b>	<b>Related Party</b>	<b>December 31,</b>		
<b>Statement</b>		<b>March 31, 2022</b>	<b>2021</b>	<b>March 31, 2021</b>
<b>Account</b>	<b>Categories</b>	<b>March 31, 2022</b>	<b>2021</b>	<b>March 31, 2021</b>
Accounts receivable	Associates	\$ 1,758	1,165	909
	Others related parties	3,265	4,928	-
Other receivables	Associates	-	91	-
		<b>\$ 5,023</b>	<b>6,184</b>	<b>909</b>

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**Notes to the Consolidated Financial Statements**

4. Payables to related parties

The payables to related parties were as follows:

<b>Financial Statement Account</b>	<b>Related Party Categories</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Accounts payable	Associates	\$ -	596	2,943
	Others related parties:			
	AIMobile Co., Ltd.	-	-	60,599
Other payables	Associates	-	1,578	8
		<u>\$ -</u>	<u>2,174</u>	<u>63,550</u>

5. Other expense and income

<b>Financial Statement Account</b>	<b>Related Party Categories</b>	<b>For the three months ended March 31,</b>	
		<b>2022</b>	<b>2021</b>
Other expenses	Associates	<u>\$ 61</u>	<u>8</u>

6. Others

- (1) The Group receive \$87 from its associates for advance payment on December 31,2021.
- (2) The Group paid \$79 、\$186 and \$77 to its associates for the refundable deposits on March 31,2022, December 31,2021 and March 31,2021.
- (3) The Group paid \$240 、\$240 and \$160 to its associates for the guaranteed notes in deposit on March 31,2022, December 31,2021 and March 31,2021.

7. Leases

The Group rented an office building from Inventec Corporation in April 2016 and October 2017, and extended lease period in December 2020. The rental fee is determined based on nearby office rental rates. The total value of the contract was \$19,956. The Group terminated the lease contract in September 2020 and decrease lease liabilities amount of \$1,975. For the three months ended March 31,2022 and 2021, the Group recognized the amount of \$12 and \$16 as interest expense. As of March 31,2022, December 31,2021 and March 31,2021, the balance of lease liabilities amounted to \$3,015 、\$3,284 and \$4,082.

The Group rented an IDC from Inventec Corporation in March 2018 and signed the addendum to lease agreement in 2019 to 2021. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. The total value of the contract was \$18,318. For the three months ended March 31,2022 and 2021, the Group recognized the amount of \$8 and \$10 as interest expense. As of March



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31,2022, December 31,2021 and March 31,2021, the balance of lease liabilities amounted to \$1,280、\$1,694 and \$2,999.

In January 2019, the Group rented an office building from Inventec Appliances (XI'AN) Corporation. The rental fee is determined based on nearby office rental rates. The total value of the contract was CNY 1,027 thousand. For the three months ended March 31,2022 and 2021, the Group recognized the amount of \$29 and \$8 as interest expense. As of March 31,2022, December 31,2021 and March 31,2021, the balance of lease liabilities amounted to \$2,186、\$2,311 and \$2,966.

(d) Key management personnel compensation

Key management personnel compensation including:

	For the three months ended	
	March 31,	
	2022	2021
Short-term employee benefits	\$ 4,496	5,536
Post-employment benefits	81	502
	<b>\$ 4,577</b>	<b>6,038</b>

**(8) Pledged Assets**

The carrying values of pledged assets were as follows:

Pledged assets	Object	March 31, 2022	December 31, 2021	March 31, 2021
Other current financial assets	Performance bond	\$ 4,639	3,780	8,068
Other non-current financial assets	Customs duty guarantee, performance bond and etc.	14,805	15,205	10,208
		<b>\$ 19,444</b>	<b>18,985</b>	<b>18,276</b>

**(9) Significant Commitments and Contingencies**

(a) Major Commitments:

1. Promissory notes issued for bank credit and lease, were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
	Notes issued as guarantee	<b>\$ 390,362</b>	<b>389,146</b>

2. For part of the material royalty contracts, the Company paid based on sales volume and minimum guaranteed payment, were as follow:

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	March 31, 2022	December 31, 2021	March 31, 2021
TWD	\$ 1,507	1,469	2,228
USD	\$ 40	18	147

3. Amount of sales contract that has been promised and undelivered, were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Amount of promised sales with undelivered goods	\$ 71,364	99,433	158,590

4. Amount of purchase contract that has been signed and undelivered, were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Amount of promised purchase with unreceived goods	\$ 53,904	58,816	91,107

(b) Contingencies: None.

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events:**

The company contracted the engineering, that maintenance and improvement of traffic control facilities and disaster repair works in the headquarters, Miaoli section, Taichung section, Guguan section and Yuanlin section in 2022. Due to the 150K Qingshui road section of the Taiwan Line 61 northbound in Qingshui District, Taichung City, causing vehicle collision incident of the subcontractor, the company insured against Energy and Construction Risk in a construction project, no material effect on the Company's financial standing.

**(12) Others**

(a) The employee benefits, depreciation, depletion and amortization expenses categorized by function were as follows:

By function  By item	For the three months ended March 31,					
	2022			2021		
	Operating Cost	Operation Expenses	Total	Operating Cost	Operation Expenses	Total
Employee benefits						
Salary	1,376	28,966	30,342	1,661	32,270	33,931
Labor and health insurance	126	2,798	2,924	146	2,741	2,887
Pension	82	1,884	1,966	96	3,439	3,535
Others	15	1,335	1,350	20	1,089	1,109
Depreciation	2,145	1,390	3,535	2,416	1,521	3,937
Amortization	125	1,558	1,683	85	1,445	1,530

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(b) On October 18, 2021, the Company and AOBTRADE SEMICONDUCTOR LTD. ("AOBTRADE SEMICONDUCTOR") filed a petition for settlement with the Mediation Committee of the NeiHu District in Taipei City for custody dispute of semi-conductive equipment. The Shilin District Court approved the settlement. AOBTRADE SEMICONDUCTOR agreed to compensate the equipment to the Company at the current market price and to repay First Business Group Co., Ltd.'s purchase price for the Company on December 30, 2021. The remaining balance was repaid in installments. If any installment has not been paid, it is deemed to maturity. AOBTRADE SEMICONDUCTOR has been paid since November 2021. The Company has exchanged certificates of the obligatory claim with the court. In 2021, the remaining balance of \$7,733 thousand was recognized as a loss under nonoperating other losses. Any subsequent recoveries will be treated as non-operating income upon receipt of the accounts.

**(13) Other disclosures**

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2022:

1. Loans to other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													Name	Value		
1	Besta Digital Technology Co., Ltd.	Besta (Kunshan) Co., Ltd.	Other receivables-related party	Yes	899	899	-	4.35%	2	-	Business turnover	-	None	-	17,834	35,668

Note 1: The description of the number column was as follows:

- 1) 0 is issuer.
- 2) Investee by company name in number sequence from 1.

Note 2: The method of filling in of purposes of fund financing were as follow

- 1) For those companies with business contact, please fill in 1.
- 2) For those companies with short-term financing needs, please fill in 2.

Note 3: The total amount of fund financing was limited to 50% of the net worth of the company's most recent financial statement. Where an inter-company or inter-firm short-term financing facility is necessary, total financing amount shall not exceed 40 percent of the company's net worth as stated in its latest financial report. Each financing amount shall not exceed 50 percent of the permitted aggregate amount of loans of the company.

Note 4: The company directly and indirectly holds 100% of the voting shares to engage in fund financing, or foreign companies directly and indirectly hold 100% of the voting shares to engage in fund financing to the company that the total amount of fund financing was limited to 50% of the net worth of the company's most recent financial statement. Each financing amount shall not exceed 50 percent of the permitted aggregate amount of loans of the company.

Note 5: The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

2. Guarantees and endorsements for other parties: None.

3. Securities held as balance sheet data (excluding investment in subsidiaries, associates and joint ventures):

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(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Notes
				Shares/Unit	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Inventec Solar Energy Corporation	Other related parties	Non-current financial assets at fair value through other comprehensive income	15,450,000	-	4.78%	-	
Besta Digital Technology Co., Ltd.	Anhui Raise Vicia Technology Co., Ltd.	-	"	319,149	5,100	6.00%	5,100	

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
5. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
6. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
7. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock: None.
8. Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of capital stock: None.
9. Trading in derivative instruments: None.
10. Business relationships and significant intercompany transactions: None.

(b) Information on investees:

For the three months ended March 31,2022, the following was the information on investees (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of the investor	Name of investee	Location	Main businesses and products	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	INVENTEC BESTA (BVI) CO., LTD.	B.V.I.	Investment management	318,993	318,993	10,258,000	100.00%	36,632	3,035	3,035	Subsidiary
"	BESTA (CAYMAN) CO., LTD.	Cayman	"	1,137,242	1,137,242	35,502,000	100.00%	119,467	747	747	"

Note 1: The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

Note 2: If aforementioned amount is related to foreign currency, it would be expressed in New Taiwan Dollar at exchange rate of reporting date. The amount of foreign currency of investment income (loss) is expressed in New Taiwan Dollar at average exchange rate.

(c) Information on investment in Mainland China:

1. The names of investees in Mainland China, the main businesses and products, and other information:

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### Notes to the Consolidated Financial Statements

(In Thousands of New Taiwan Dollars)

Name of investee	Main business and product	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Out-flow	Inflow						
Inventec Besta (XiAn) Co., Ltd.	Design and research of consumer electronic products	185,738	(2)	175,736	-	-	175,736	2,167	100.00%	2,167	9,628	-
Besta Digital Technology Co., Ltd.	Sale of electronic dictionaries and PDA-related products	342,900	(2)	342,900	-	-	342,900	(126)	100.00%	(126)	71,335	-
Besta (Kunshan) Co., Ltd.	Sale of consumer electronics and related products	257,175	(2)	257,175	-	-	257,175	(407)	100.00%	(407)	8,210	-
Kunshan Besta Electronics Limited (note7)	Sales of electronic dictionaries and PDA-related products	-	(3)	-	-	-	-	-	- %	11	-	-

#### 2. Limitation on investment in Mainland China:

Name of company	Accumulated Investment in Mainland China as of March 31, 2022	Investment Amounts Authorized by investment Commission, MOEA	Upper limit on Investment
Inventec Besta Co., Ltd.	1,447,324	1,447,324	391,510

Note 1: There are four modes of investments as following:

- 1) Directly invest in China Company.
- 2) Invest in China Company by the company which set up in third area by the Company.
- 3) Others.

Note 2: The base of recognition of investment income (loss) is the financial statement audited by CPA of the investee company.

Note 3: If aforementioned amount is related to foreign currency, it would be expressed in New Taiwan Dollar at exchange rate of reporting date. The amount of foreign currency of investment income (loss) is expressed in New Taiwan Dollar at average exchange rate.

Note 4: The accumulated investment in Mainland China and investment amounts authorized by Investment Commission, MOEA, in accordance with the regulation of amended limitation calculation of Investment Commission on August 29, 2008, MOEA (IDB) committed the Company were in the scope of operating headquarter; therefore there is no need to calculate the limitation. If the Company has additional investments in the Mainland China in the future, pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland area, the upper limit on investment is higher of 60% of net value or consolidated net value, and the accumulated investment was recalculated to determine whether the investment exceeds the limit. The originally approved investment in Mainland China shall not be recalculated.

Note 5: Golden Electronics China Co., Ltd. and iSing Music Technology (Beijing) Co., Ltd. were liquidated in 2004 and 2018, respectively, wherein both liquidation procedures had been approved by the Investment Commission, MOEA. Since both companies have no capital to be remitted back to their parent companies in Taiwan after the liquidation process, the initial investment of both companies amounting to \$285,750 and \$385,763 respectively, have already been included in the Accumulated Investment in Mainland China.

Note 6: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 7: The boards of directors resolved to dissolve Kunshan Besta Electronics Limited on September 27, 2021, and the liquidation and dissolution process has been completed on March 14, 2022.

#### 3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the three months ended March 31, 2022, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

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(d) Major shareholders:

Unit: share

Shareholder's Name	Shareholding	Shares	Percentage
Inventec Corporation		23,404,962	37.52%

Note: (1) The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (includes treasury shares) by the Company as of the last business day of the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

(2) Regarding the above matter, if the shareholders deliver the shares to the trust company, those shares will be disclosed by the trustee who opened the trust account separately. As for the shareholders conducting an insider equity declaration in accordance with the Securities Exchange Act, the number of shares held by shareholders include the number of shares held by themselves, plus, the number of shares delivered by the shareholders to the trust which has discretion over the use of the trust assets. The Information of insider trading would be available at the Market Observation Post System.

**(14) Segment Information**

(a) General information

The Group's reportable segments are Taiwan department. Taiwan department leads the development of the Group's products and is responsible for sales in Taiwan.

(b) Information about reportable segments and their measurement and reconciliations

The classification of the Group's reportable segments is based on sales regions and the function. There was no material difference between the accounting policies of the operating segment and the accounting policies described in Note (4). The Group's regional financial information was as follows:

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	<b>For the three months ended March 31,2022</b>			
	<b>Taiwan department</b>	<b>Other departments</b>	<b>Adjustment and elimination</b>	<b>Total</b>
<b>Revenue:</b>				
External customers	\$ 172,536	7,993	(5,715)	174,814
<b>Total revenue</b>	<b>\$ 172,536</b>	<b>7,993</b>	<b>(5,715)</b>	<b>174,814</b>
<b>Reportable segment profit (loss)</b>	<b>\$ (19,387)</b>	<b>5,406</b>	<b>(5,406)</b>	<b>(19,387)</b>

	<b>For the three months ended March 31,2021</b>			
	<b>Taiwan department</b>	<b>Other departments</b>	<b>Adjustment and elimination</b>	<b>Total</b>
<b>Revenue:</b>				
External customers	\$ 210,297	9,033	(3,714)	215,616
Interest revenue	61	-	(61)	-
<b>Total revenue</b>	<b>\$ 210,358</b>	<b>9,033</b>	<b>(3,775)</b>	<b>215,616</b>
<b>Reportable segment profit (loss)</b>	<b>\$ (13,673)</b>	<b>93</b>	<b>(48)</b>	<b>(13,628)</b>