

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

With Independent Auditors' Review Report

For the nine months ended September 30,2022 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.

Table of contents

Contents	Page
1、Cover Page	1
2、Table of Contents	2
3、Independent Auditors' Review Report	3~4
4、Consolidated Balance Sheets	5
5、Consolidated Statements of Comprehensive Income	6
6、Consolidated Statements of Changes in Equity	7
7、Consolidated Statements of Cash Flows	8
8、Notes to the Consolidated Financial Statements	
(1) Overview	9
(2) Financial Statements Authorization Date and Authorization Process	9
(3) New Accounting Standards, Amendments and Interpretations Adopted	9~10
(4) Summary of Significant Accounting Policies	10~12
(5) Significant Accounting Judgments, Estimations, Assumptions, and Sources of Estimation Uncertainty	12
(6) Explanation to Significant Accounts	12~38
(7) Related Party Transaction	38~41
(8) Pledged Assets	41
(9) Significant Commitments and Contingencies	41~42
(10) Losses Due to Major Disasters	42
(11) Subsequent Events	42
(12) Other	42~43
(13) Other Disclosures	
a. Information on significant transactions	43~45
b. Information on investees	45
c. Information on investment in Mainland China	45~46
d. Major shareholders	46~47
(14) Segment Information	47~48

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 (the "Group") as of September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three and the nine months ended September 30, 2022 and 2021, and the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 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 on 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 \$22,101 thousand and \$24,063 thousand, constituting 2.73% and 2.64% of consolidated total assets as of September 30, 2022 and 2021, respectively, total liabilities amounting to \$9,196 thousand and \$7,251 thousand, constituting 4.69% and 3.51% of consolidated total liabilities as of September 30, 2022 and 2021, respectively ; and total comprehensive income (loss) amounting to \$(1,992) thousand, \$(2,710) thousand, \$(3,006) thousand and \$(5,688) thousand, constituting 12.15%, 8.89%, 5.31% and (3.94)% of consolidated total comprehensive income (loss) constituting for the three and the nine months ended September 30, 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 September 30, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three and the nine months ended September 30, 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) Nov 10, 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 September 30, 2022 and 2021

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
September 30, 2022, December 31, 2021 and September 30, 2021
(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2022		December 31, 2021		September 30, 2021		Liabilities and equity		September 30, 2022		December 31, 2021		September 30, 2021			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets:								Current liabilities:									
1100	Cash and cash equivalents	(Note(6)(a))	\$ 375,865	46	441,092	49	446,812	49	2130	Current contract liabilities	(Note(6)(o))	\$ 11,028	1	3,256	-	7,086	1
1140	Current contract assets	(Note(6)(o))	1,100	-	2,647	-	1,796	-	2150	Notes payable		-	-	13,059	2	624	-
1150	Notes receivable, net	(Note(6)(c))	-	-	3,892	-	1,971	-	2170	Accounts payable	(Note(7))	87,032	11	95,601	11	79,081	9
1170	Accounts receivable, net	(Note(6)(c)and(7))	96,014	12	121,167	13	133,199	15	2200	Other payables	(Note(7))	33,028	4	48,221	5	41,982	5
1200	Other receivables	(Note(6)(d)and(7))	29,083	4	29,768	3	29,466	3	2280	Current lease liabilities	(Note(6)(j),(u)and(7))	3,943	-	3,492	-	3,616	-
1220	Current tax assets		30	-	114	-	110	-	2300	Other current liabilities		5,390	1	11,611	1	11,401	1
130X	Inventories	(Note(6)(e))	74,994	9	71,161	8	59,335	7				140,421	17	175,240	19	143,790	16
1476	Other current financial assets	(Note(6)(i)and(8))	35,976	4	35,231	4	37,817	4									
1479	Other current assets, others		21,203	3	24,711	3	22,346	2									
			634,265	78	729,783	80	732,852	80									
Non-current assets:								Non-current liabilities:									
1517	Non-current financial assets at fair value through other comprehensive income	(Note(6)(b))	4,237	1	6,735	1	8,838	1	2570	Deferred tax liabilities		13,156	2	13,156	2	13,156	2
1600	Property, plant and equipment	(Note(6)(f))	126,674	16	129,287	14	128,049	14	2580	Non-current lease liabilities	(Note(6)(j),(u)and(7))	10,122	1	9,660	1	10,871	1
1755	Right-of-use assets	(Note(6)(g))	14,116	2	12,943	2	14,298	2	2640	Net defined benefit liability, non-current	(Note(6)(k))	29,969	4	37,265	4	36,734	4
1780	Intangible assets	(Note(6)(h))	10,361	1	11,043	1	10,552	1	2670	Other non-current liabilities, others		2,369	-	2,240	-	2,065	-
1840	Deferred tax assets		3,189	-	3,189	-	3,189	-				55,616	7	62,321	7	62,826	7
1980	Other non-current financial assets	(Note(6)(i)and(8))	17,334	2	15,205	2	13,208	2		Total liabilities		196,037	24	237,561	26	206,616	23
1990	Other non-current assets, others		-	-	154	-	584	-		Equity attributable to owners of parent:	(Note(6)(m))						
			175,911	22	178,556	20	178,718	20	3100	Share capital		623,663	77	623,663	69	623,663	68
									3200	Capital surplus		100,180	12	100,180	11	100,180	11
									3300	Retained earnings		4,566	1	60,897	7	93,975	10
									3400	Other equity interest		(114,270)	(14)	(113,962)	(13)	(112,864)	(12)
										Total equity		614,139	76	670,778	74	704,954	77
Total assets			\$ 810,176	100	908,339	100	911,570	100		Total liabilities and equity		\$ 810,176	100	908,339	100	911,570	100

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

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 For the three and the nine months ended September 30, 2022 and 2021
 (Expressed in Thousands of New Taiwan Dollars)

		For the three months ended September 30,				For the nine months ended September 30,				
		2022		2021		2022		2021		
		Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue	(Note(6)(o)and(7))	\$ 137,080	100	154,542	100	487,003	100	614,842	100
5000	Operating costs	(Note(6)(e))	(112,026)	(82)	(134,427)	(87)	(416,342)	(85)	(534,047)	(87)
	Gross profit from operations		25,054	18	20,115	13	70,661	15	80,795	13
	Operating expenses:									
6100	Selling expenses		(18,414)	(13)	(19,549)	(13)	(58,794)	(12)	(72,569)	(12)
6200	Administrative expenses		(10,555)	(8)	(9,843)	(6)	(33,607)	(7)	(37,410)	(6)
6300	Research and development expenses		(18,038)	(13)	(15,620)	(10)	(49,866)	(10)	(53,775)	(9)
6450	Expected credit loss		(2,659)	(2)	3,773	2	(4,850)	(1)	(2,617)	-
	Total operating expenses		(49,666)	(36)	(41,239)	(27)	(147,117)	(30)	(166,371)	(27)
	Net operating loss		(24,612)	(18)	(21,124)	(14)	(76,456)	(15)	(85,576)	(14)
	Non-operating income and expense:	(Note(6)(q))								
7100	Interest income		939	1	427	-	2,162	-	1,113	-
7010	Other income		2,160	2	2,012	-	6,173	1	22,974	4
7020	Other gains and losses		5,579	4	(7,822)	(3)	12,163	2	233,425	38
7050	Finance costs		(116)	-	(46)	-	(379)	-	(353)	-
	Total non-operating income and expense		8,562	7	(5,429)	(3)	20,119	3	257,159	42
7900	Profit (loss) from continuing operations before tax		(16,050)	(11)	(26,553)	(17)	(56,337)	(12)	171,583	28
7950	Less: Tax expense	(Note(6)(l))	-	-	11	-	(6)	-	29,606	5
	Profit (loss) for the period		(16,050)	(11)	(26,564)	(17)	(56,331)	(12)	141,977	23
	Other comprehensive income (loss):									
8310	Items that will never be reclassified to profit or loss									
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(1,139)	(1)	(3,441)	(3)	(2,864)	(1)	(4,042)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	-	-	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss		(1,139)	(1)	(3,441)	(3)	(2,864)	(1)	(4,042)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Foreign operations – foreign currency translation differences		794	1	(492)	-	2,556	1	6,613	1
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to loss		-	-	-	-	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss		794	1	(492)	-	2,556	1	6,613	1
	Other comprehensive income (loss) for the year net of tax		(345)	-	(3,933)	(3)	(308)	-	2,571	1
8500	Total comprehensive income (loss) for the period		\$ (16,395)	(11)	(30,497)	(20)	(56,639)	(12)	144,548	24
	Earnings per share	(Note(6)(n))								
9750	Basic earnings(losses) per share (dollars)		\$ (0.26)		(0.43)		(0.90)		2.28	
9850	Diluted earnings(losses) per share (dollars)		\$ (0.26)		(0.43)		(0.90)		2.26	

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 nine months ended September 30, 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	Legal Reserve	Special Reserve	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	
Balance at January 1, 2021	\$ 623,663	100,180	-	-	(48,002)	39,965	(155,400)	560,406
Net income for the period	-	-	-	-	141,977	-	-	141,977
Other comprehensive income (loss) for the period	-	-	-	-	-	6,613	(4,042)	2,571
Total comprehensive income (loss) for the period	-	-	-	-	141,977	6,613	(4,042)	144,548
Balance at September 30, 2021	\$ 623,663	100,180	-	-	93,975	46,578	(159,442)	704,954
Balance at January 1, 2022	\$ 623,663	100,180	-	-	60,897	47,738	(161,700)	670,778
Net loss for the period	-	-	-	-	(56,331)	-	-	(56,331)
Other comprehensive income (loss) for the period	-	-	-	-	-	2,556	(2,864)	(308)
Total comprehensive income (loss) for the period	-	-	-	-	(56,331)	2,556	(2,864)	(56,639)
Appropriation and distribution of retained earnings:								
Legal Reserve Appropriated	-	-	6,090	-	(6,090)	-	-	-
Special Reserve Appropriated	-	-	-	54,807	(54,807)	-	-	-
Balance at September 30, 2022	\$ 623,663	100,180	6,090	54,807	(56,331)	50,294	(164,564)	614,139

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 nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2022	2021
Cash flows from operating activities:		
Profit (loss) before income tax	\$ (56,337)	171,583
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	9,920	10,217
Amortization expense	4,004	5,366
Expected credit loss	4,850	2,617
Interest expense	379	353
Interest income	(2,162)	(1,113)
Loss (gain) on disposal of property, plant and equipment	118	(242,188)
Other adjustments	-	(4)
Total adjustments to reconcile profit (loss)	17,109	(224,752)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	1,532	6,479
Notes receivable	3,897	7,976
Accounts receivable	24,875	(35,451)
Other receivables	(3,533)	2,590
Inventories	(3,818)	29,437
Other current assets	3,515	5,337
Total changes in operating assets	26,468	16,368
Changes in operating liabilities:		
Notes payable	(13,059)	(1,120)
Accounts payable	(8,090)	(10,766)
Accounts payable to related parties	(574)	(75,002)
Other payables	(12,480)	(756)
Contract liabilities	7,772	(32,464)
Other current liabilities	(6,251)	4,570
Net defined benefit liabilities	(7,296)	(23,759)
Total changes in operating liabilities	(39,978)	(139,297)
Total changes in operating assets and liabilities	(13,510)	(122,929)
Total adjustments	3,599	(347,681)
Cash outflow generated from operations	(52,738)	(176,098)
Interest received	1,958	1,175
Interest paid	(401)	(400)
Income taxes received (paid)	89	(22,235)
Net cash outflow used in operating activities	(51,092)	(197,558)
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(7,087)	(2,565)
Disposal of property, plant and equipment	77	377,584
Acquisition of intangible assets	(3,548)	(5,860)
Increase in other financial assets	(1,994)	(1,904)
Decrease (increase) in other non-current assets	154	(322)
Net cash (outflow) inflow used in investing activities	(12,398)	366,933
Cash flows from financing activities:		
Payment of lease liabilities	(3,066)	(4,395)
Increase (decrease) in other non-current liabilities	120	(1,114)
Net cash outflow used in financing activities	(2,946)	(5,509)
Effect of exchange rate changes on cash and cash equivalents	1,209	(284)
Net (decrease) increase in cash and cash equivalents	(65,227)	163,582
Cash and cash equivalents at beginning of period	441,092	283,230
Cash and cash equivalents at end of period	\$ 375,865	446,812

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

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 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 November 10, 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 the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements.

- 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”

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) 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:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>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.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	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 IFRS 16 “Requirements for Sale and Leaseback Transactions”

(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 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

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

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, were as follow:

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			September 30,2022	December 31,2021	September 30,2021	
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 and 3)
"	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.

Note 3: The boards of directors resolved to dissolve Besta (Kunshan) Co., Ltd. on June 27, 2022, and the liquidation process is still in progress.

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

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

(d) 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 principles of preparation of the consolidated interim financial statements and the related significant estimates and underlying assumptions are consistent with Note (5) of the consolidated financial statements for the year ended December 31, 2021.

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Cash on hand	\$ 458	419	349
Demand deposits	54,467	81,681	79,081
Foreign currency deposits	31,897	59,656	54,291
Cash equivalents - Time deposits	243,872	234,325	233,071
Cash equivalents - Bonds	45,171	65,011	80,020
Total	<u>\$ 375,865</u>	<u>441,092</u>	<u>446,812</u>

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

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

The aforesaid financial assets were not pledged as collateral.

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

	September 30, 2022	December 31, 2021	September 30, 2021
Equity instruments at fair value through other comprehensive income:			
Stocks not listed on markets	\$ 4,237	6,735	8,838

As of September 30, 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. As of September 30, 2022, the balance of accumulate unrealized evaluation losses amounted to \$9,164.

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 nine months ended September 30, 2022 and 2021.

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

The aforesaid financial assets were not pledged as collateral.

(c) Notes and accounts receivable

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	\$ -	3,897	1,973
Accounts receivable	103,089	127,864	136,038
Less: Allowance for impairment	(7,075)	(6,702)	(2,841)
	\$ 96,014	125,059	135,170

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 September 30, 2022, December 31, 2021 and September 30, 2021. To measure the expected credit losses, notes and accounts receivables 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,

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

were determined as follows:

	September 30, 2022		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Not past due	\$ 94,260	0.00%~1.83%	1,620
Less than 30 days past due	2,859	1.78%~6.86%	72
31 to 90 days past due	680	1.78%~19.94%	117
91 to 180 days past due	5,290	22.18%~100.00%	5,266
	\$ 103,089		7,075

	December 31, 2021		
	Gross carrying amount	Expected loss rate	Loss allowance provision
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
	\$ 131,761		6,702

	September 30, 2021		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Not past due	\$ 99,565	0.00%~0.74%	109
Less than 30 days past due	16,743	0.00%~2.56%	406
31 to 90 days past due	20,221	0.00%~12.09%	2,302
More than 90 days past due	1,482	0.00%~100.00%	24
	\$ 138,011		2,841

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

	For the nine months ended September 30,	
	2022	2021
Balance at January 1	\$ 6,702	1,394
Impairment losses recognized	373	1,697
Amounts written off	-	(250)
Balance at September 30	\$ 7,075	2,841

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

(d) Other receivables

	September 30, 2022	December 31, 2021	September 30, 2021
Other receivables	\$ 37,874	34,097	34,025
Less: Allowance for impairment loss	(8,791)	(4,329)	(4,559)
	<u>\$ 29,083</u>	<u>29,768</u>	<u>29,466</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 September 30, 2022, December 31, 2021 and September 30, 2021. To measure the expected credit losses, other receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision as of September 30, 2022, December 31, 2021 and September 30, 2021, were determined as follows:

September 30, 2022			
	Gross carrying amount	Expected loss rate	Loss allowance provision
Not past due	\$ 17,156	0.00%~6.00%	959
Less than 30 days past due	14,195	37.14%	5,272
31 to 90 days past due	6,313	37.23%~37.31%	2,350
91 to 180 days past due	210	48.05%~100%	210
	<u>\$ 37,874</u>		<u>8,791</u>

December 31, 2021			
	Gross carrying amount	Expected loss rate	Loss allowance provision
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
	<u>\$ 34,097</u>		<u>4,329</u>

September 30, 2021			
	Gross carrying amount	Expected loss rate	Loss allowance provision
Not past due	\$ 24,064	0.00%~0.74%	68
Less than 30 days past due	9,946	0.00%~45.00%	4,476
More than 181 days past due	15	0.00%~100.00%	15
	<u>\$ 34,025</u>		<u>4,559</u>

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

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

	For the nine months ended September 30,	
	2022	2021
Balance at January 1	\$ 4,329	3,535
Impairment losses recognized	4,462	1,024
Balance at September 30	\$ 8,791	4,559

(e) Inventories

	September 30, 2022	December 31, 2021	September 30, 2021
Raw materials and consumables	\$ 32,760	19,507	10,219
Work in process	3,350	2,719	3,387
Finished goods	9,760	5,745	7,657
Merchandise	29,124	43,190	38,072
	\$ 74,994	71,161	59,335

For the three and the nine months ended September 30, 2022 and 2021, the components of cost of goods sold were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Cost of goods sold	\$ 112,458	133,958	415,604	531,225
(Reversal of) loss on inventory valuation and obsolescence	(432)	469	738	(1,422)
Inventories obsolescence loss	-	-	-	4,244
Total	\$ 112,026	134,427	416,342	534,047

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.

The aforesaid inventories were not pledged as collateral.

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(f) Property, Plant and Equipment

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

	<u>Land</u>	<u>Building and Construction</u>	<u>Machinery and Equipment</u>	<u>Other Facilities</u>	<u>Total</u>
Cost or deemed cost:					
Balance at January 1, 2022	\$ 60,950	68,457	25,942	55,040	210,389
Additions	-	-	24	4,472	4,496
Disposals	-	-	(3,184)	(556)	(3,740)
Effect of movements in exchange rate	-	405	218	44	667
Balance at September 30, 2022	<u>\$ 60,950</u>	<u>68,862</u>	<u>23,000</u>	<u>59,000</u>	<u>211,812</u>
Balance at January 1, 2021	\$ 146,274	151,145	28,800	57,526	383,745
Additions	-	-	-	966	966
Disposals	(85,324)	(82,778)	(1,803)	(4,693)	(174,598)
Reclassification	-	-	194	(194)	-
Effect of movements in exchange rate	-	(83)	(53)	(9)	(145)
Balance at September 30, 2021	<u>\$ 60,950</u>	<u>68,284</u>	<u>27,138</u>	<u>53,596</u>	<u>209,968</u>
Depreciation and impairment losses:					
Balance at January 1, 2022	\$ -	19,120	24,874	37,108	81,102
Depreciation for the period	-	1,014	290	5,804	7,108
Disposals	-	-	(2,989)	(556)	(3,545)
Effect of movements in exchange rate	-	218	215	40	473
Balance at September 30, 2022	<u>\$ -</u>	<u>20,352</u>	<u>22,390</u>	<u>42,396</u>	<u>85,138</u>
Balance at January 1, 2021	\$ -	50,082	27,245	36,711	114,038
Depreciation for the period	-	1,379	380	5,428	7,187
Disposals	-	(32,725)	(1,803)	(4,674)	(39,202)
Reclassification	-	-	194	(194)	-
Effect of movements in exchange rate	-	(44)	(52)	(8)	(104)
Balance at September 30, 2021	<u>\$ -</u>	<u>18,692</u>	<u>25,964</u>	<u>37,263</u>	<u>81,919</u>

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Land	Building and Construction	Machinery and Equipment	Other Facilities	Total
Carrying amounts:					
Balance at January 1, 2022	\$ 60,950	49,337	1,068	17,932	129,287
Balance at September 30, 2022	\$ 60,950	48,510	610	16,604	126,674
Balance at January 1, 2021	\$ 146,274	101,063	1,555	20,815	269,707
Balance at September 30, 2021	\$ 60,950	49,592	1,174	16,333	128,049

The Boards of Directors of the Group resolved to enter into an agreement for the sale of its real estate with non-relative party on April 26, 2021, in which the net disposal proceeds of the contract amounted to \$377,584, resulting in the gain on disposal of \$242,207, to be recognized as “Other gains and losses” in Inventec Besta Co., Ltd.’s financial report. All the above receivables had been collected in June 2021.

The aforesaid property, plant and equipment were not pledged as collateral.

(g) Right-of-use assets

	Buildings and Construction	Machinery and Equipment	Total
Cost:			
Balance at January 1, 2022	\$ 20,740	9,884	30,624
Additions	3,908	-	3,908
Effect of movements in exchange rates	157	-	157
Balance at September 30, 2022	\$ 24,805	9,884	34,689
Balance at January 1, 2021	\$ 15,175	9,884	25,059
Additions	6,515	-	6,515
Other	(35)	-	(35)
Balance at September 30, 2021	\$ 21,655	9,884	31,539
Accumulated depreciation:			
Balance at January 1, 2022	\$ 7,797	9,884	17,681
Depreciation for the period	2,812	-	2,812
Effect of movements in exchange rates	80	-	80
Balance at September 30, 2022	\$ 10,689	9,884	20,573

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Buildings and Construction	Machinery and Equipment	Total
Balance at January 1, 2021	\$ 5,082	9,143	14,225
Depreciation for the period	2,289	741	3,030
Other	(14)	-	(14)
Balance at September 30, 2021	\$ 7,357	9,884	17,241
Carrying amounts:			
Balance at January 1, 2022	\$ 12,943	-	12,943
Balance at September 30, 2022	\$ 14,116	-	14,116
Balance at January 1, 2021	\$ 10,093	741	10,834
Balance at September 30, 2021	\$ 14,298	-	14,298

(h) Intangible assets

	Trademark	Royalties	Other intangible assets	Total
Carrying amounts:				
Balance at January 1, 2022	\$ 6,312	3,507	1,224	11,043
Balance at September 30, 2022	\$ 6,312	2,776	1,273	10,361
Balance at January 1, 2021	\$ 6,312	2,190	1,592	10,094
Balance at September 30, 2021	\$ 6,312	2,628	1,612	10,552

1) Amortization and Impairment

For the nine months ended September 30, 2022 and 2021, the amortization of intangible assets was respectively included in the statement of comprehensive income:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Operating costs	\$ 125	85	375	256
Operating expenses	\$ 1,120	1,620	3,629	5,110

2) Impairment loss and subsequent reversal

The Group performs the impairment test where there are indications of impairment of intangible assets and the recoverable amount is determined by the value in use. The accumulated impairment losses on other royalties amounted to \$47,865, as of September 30, 2022, December 31, 2021 and September 30, 2021.

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

(i) Other financial assets

The Group of other financial assets were as follows:

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Time deposits over three months	\$ 32,965	31,451	31,075
Refundable deposits	18,345	16,985	16,779
Pledged time deposits	2,000	2,000	3,171
Total	<u>\$ 53,310</u>	<u>50,436</u>	<u>51,025</u>

The details of the aforesaid other financial assets were pledged as collateral, please refer to Note 8.

(j) Lease liabilities

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

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Current	<u>\$ 3,943</u>	<u>3,492</u>	<u>3,616</u>
Non-current	<u>\$ 10,122</u>	<u>9,660</u>	<u>10,871</u>

For the maturity analysis, please refer to Note 6(r) of financial instruments.

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended</u> <u>September 30,</u>		<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	<u>\$ 68</u>	<u>47</u>	<u>199</u>	<u>144</u>
Expenses relating to short-term leases	<u>\$ 247</u>	<u>96</u>	<u>392</u>	<u>369</u>

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

	<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	<u>\$ 3,657</u>	<u>4,908</u>

1) Real estate leases

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

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Others lease

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.

(k) Employee benefits

1) Defined benefit plans

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.

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Operating cost	\$ 8	8	22	25
Selling expenses	31	44	93	131
Administration expenses	33	36	98	110
Research and development expenses	15	33	45	98
Total	\$ 87	121	258	364

As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had the net defined benefit liability, amounting to \$29,969、\$37,265 and \$36,734.

2) Defined contribution plans

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Operating cost	\$ 321	87	471	261
Selling expenses	1,308	566	2,688	3,048
Administration expenses	51	315	2,250	951
Research and development expenses	1,211	1,104	2,723	3,096
Total	\$ 2,891	2,072	8,132	7,356

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

(l) Income taxes

1) Income tax expense

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Current income tax expense				
Current period	\$ -	11	-	7,317
incurred				
Adjustment for prior	-	-	(6)	-
periods				
Land appreciation tax	-	-	-	22,289
Tax expense from	<u>\$ -</u>	<u>11</u>	<u>(6)</u>	<u>29,606</u>
continuing operations				

For the nine months ended September 30, 2022 and 2021, the Group were no income tax recognized in other comprehensive income.

2) Status of approval of income tax

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

(m) Capital and other equity

Except as described in the following paragraph, there were no significant changes in the Company's capital stock and other equity components for the nine months ended September 30, 2022 and 2021. For other information about the stockholders' equity 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

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 June 15, 2022, the Company's the shareholders' meeting resolved the earnings distribution of 2021. On July 15, 2021, the shareholders' 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.

3) Other equity, net of tax

	Exchange difference on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance at January 1, 2022	\$ 47,738	(161,700)
Exchange differences on foreign operations	2,556	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(2,864)
Balance at September 30, 2022	\$ 50,294	(164,564)
Balance at January 1, 2021	\$ 39,965	(155,400)
Exchange differences on foreign operations	6,613	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(4,042)
Balance at September 30, 2021	\$ 46,578	(159,442)

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(n) Earnings per share

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Basic earnings (losses) per share:				
Profit (loss) attributable to the Company	\$ (16,050)	(26,564)	(56,331)	141,977
Weighted-average number of outstanding ordinary shares (basic) (thousands of shares)	62,366	62,366	62,366	62,366
Basic earnings (losses) per share (NT dollars)	\$ (0.26)	(0.43)	(0.90)	2.28

Diluted earnings (losses) per share:

Profit (loss) attributable to the Company	\$ (16,050)	(26,564)	(56,331)	141,977
Weighted-average number of outstanding ordinary shares (basic) (thousands of shares)	62,366	62,366	62,366	62,366
Effect of employee share bonus	-	-	-	393
Weighted-average number of outstanding ordinary shares (diluted) (thousands of shares)	62,366	62,366	62,366	62,759
Diluted earnings (losses) per share (NT dollars)	\$ (0.26)	(0.43)	(0.90)	2.26

The following has anti-dilutive effect, is not included in the calculation of diluted weighted-average number of ordinary shares:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Diluted earnings per share	\$ -	393	76	-

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

(o) Revenue from contracts with customers

1) Disaggregation of revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Primary geographical markets:				
Taiwan	\$ 79,746	109,049	279,660	411,723
Japan	36,838	32,091	124,078	113,787
The United States and Canada	4,392	2,819	25,208	17,417
Czechia	9,877	6,163	25,677	27,452
Singapore and Malaysia	5,971	3,965	19,806	22,132
Other countries	256	455	12,574	22,331
	\$ 137,080	154,542	487,003	614,842

Major products:

Sales of products	\$ 127,314	143,853	459,363	586,211
Sale of services	9,766	10,689	27,640	28,631
	\$ 137,080	154,542	487,003	614,842

2) Contract balances

	September 30, 2022	December 31, 2021	September 30, 2021
Accounts receivable	\$ 103,089	131,761	138,011
Less: Allowance for impairment	(7,075)	(6,702)	(2,841)
Total	\$ 96,014	125,059	135,170
Contract assets	\$ 1,119	2,651	1,799
Less: Allowance for impairment	(19)	(4)	(3)
Total	\$ 1,100	2,647	1,796
Contract liabilities	\$ 11,028	3,256	7,086

Please refer to Note 6(c) for details on accounts receivable and allowance for impairment.

The amounts of revenue recognized for the three and the nine months ended September 30, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were \$0、\$2,477、\$293 and \$35,287, 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

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

transfer of a good or service to the customer to be satisfied and the payment to be received.

(p) 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 and the nine months ended September 30, 2022, and thus, the Group was not accrued any remuneration to its employees and directors.

The remunerations to employees amounted to \$(5,130) thousand and \$6,167 thousand, respectively for the three and the nine months ended September 30, 2021. The amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, and multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during the period. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in the following year.

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. The related information can be assessed from the Market Observation Post System on the website.

(q) Non-operating income and expenses

1) Interest income

The details of interest income were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Interest income				
Bank deposit	\$ 864	397	1,977	1,029
Others	75	30	185	84
	\$ 939	427	2,162	1,113

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Other income

The details of other income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Rental income	\$ 1,981	1,938	5,900	7,889
Government grants	-	-	-	14,902
Other income, others	179	74	273	183
	\$ 2,160	2,012	6,173	22,974

3) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Foreign exchange gains (losses)	\$ 5,969	(347)	12,717	(194)
Gains (losses) on disposal of property, plant and equipment	(118)	(19)	(118)	242,188
Others	(272)	(7,456)	(436)	(8,569)
	\$ 5,579	(7,822)	12,163	233,425

4) Finance costs

The details of finance cost were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Interest expense				
Bank borrowings	\$ 48	1	180	206
Others	68	45	199	147
	\$ 116	46	379	353

(r) 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

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

a) Credit risk of accounts receivable and equity security

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:

	<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>
Balance at September 30, 2022							
Non-derivative financial liabilities							
Accounts payable	\$ 87,032	87,032	87,032	-	-	-	-
Other payables	33,028	33,028	33,028	-	-	-	-
Lease Liabilities	14,065	14,672	2,003	2,181	4,361	5,712	415
Receipts under custody (reported as other current liabilities)	1,571	1,571	1,571	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	2,369	2,369	525	317	590	937	-
	<u>\$ 138,065</u>	<u>138,672</u>	<u>124,159</u>	<u>2,498</u>	<u>4,951</u>	<u>6,649</u>	<u>415</u>
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	-
	<u>\$ 174,320</u>	<u>174,852</u>	<u>161,149</u>	<u>2,016</u>	<u>4,535</u>	<u>6,725</u>	<u>427</u>

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Balance at September 30, 2021							
Non-derivative financial liabilities							
Notes payable	\$ 624	624	624	-	-	-	-
Accounts payable	79,081	79,081	79,081	-	-	-	-
Other payables	41,982	41,982	41,982	-	-	-	-
Lease Liabilities	14,487	15,116	1,944	1,904	3,808	6,749	711
Receipts under custody (reported as other current liabilities)	2,077	2,077	2,077	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	2,065	2,065	154	9	491	1,411	-
	\$ 140,316	140,945	125,862	1,913	4,299	8,160	711

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:

September 30, 2022			
<u>Foreign currency (In thousands)</u>	<u>Exchange rate</u>	<u>TWD</u>	
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$	5,087	USD : TWD 31.7500
		15	USD : CNY 7.1077
CNY		19	CNY : TWD 4.4670
			161,512
			476
			85
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD		1,868	USD : TWD 31.7500
			59,309

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021				
	Foreign currency (In thousands)		Exchange rate	TWD
<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
September 30, 2021				
	Foreign currency (In thousands)		Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	5,565	USD : TWD 27.8150	154,790
			58 USD : CNY 6.4792	1,613
CNY		28	CNY : TWD 4.2930	120
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD		1,411	USD : TWD 27.8150	39,247

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 September 30, 2022 and 2021, and this analysis assumes that all other variables remain constant for the nine months ended September 30, 2022 and 2021, would have increased or decreased the net loss after tax \$514 and \$586, respectively. 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 NTD exchange rate information was as follow:

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	For the nine months ended September 30, 2022		For the nine months ended September 30, 2021	
	Foreign exchange gains (losses)	Average exchange rate	Foreign exchange gains (losses)	Average exchange rate
TWD	\$ 12,639	1.000	(170)	1.000
CNY	78	4.4060	(24)	4.3055

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 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 \$67 and \$67 for the nine months ended September 30, 2022 and 2021, assuming all other variable factors the remain constant. This is mainly due to the Group's time deposits in variable rate.

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:

	September 30, 2022				
	Book Value	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments measured at fair value	\$ 4,237	-	-	4,237	4,237
Financial assets at amortized cost					
Cash and cash equivalents	375,865	-	-	-	-
Notes receivable, accounts receivable and other receivables	125,097	-	-	-	-
Other financial assets	53,310	-	-	-	-
Subtotal	554,272	-	-	-	-
Total	\$ 558,509	-	-	4,237	4,237

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Financial liabilities at amortized cost

Notes payable, accounts payable and other payables	\$ 120,060	-	-	-	-
Lease liabilities	14,065	-	-	-	-
Receipts under custody (accounting for other current liabilities)	1,571	-	-	-	-
Refund liabilities (accounting for other non-current liabilities)	2,369	-	-	-	-
Total	\$ 138,065	-	-	-	-

December 31, 2021

	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments measured at fair value	\$ 6,735	-	-	6,735	6,735
Financial assets at amortized cost					
Cash and cash equivalents	441,092	-	-	-	-
Notes receivable, accounts receivable and other receivables	154,827	-	-	-	-
Other financial assets	50,436	-	-	-	-
Subtotal	646,355	-	-	-	-
Total	\$ 653,090	-	-	6,735	6,735

Financial liabilities at amortized cost

Notes payable, accounts payable and other payables	\$ 156,881	-	-	-	-
Lease liabilities	13,152	-	-	-	-
Receipts under custody (accounting for other current liabilities)	2,047	-	-	-	-
Refund liabilities (accounting for other non-current liabilities)	2,240	-	-	-	-
Total	\$ 174,320	-	-	-	-

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

	September 30, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments measured at fair value	\$ 8,838	-	-	8,838	8,838
Financial assets at amortized cost					
Cash and cash equivalents	446,812	-	-	-	-
Notes receivable, accounts receivable and other receivables	164,636	-	-	-	-
Other financial assets	51,025	-	-	-	-
Subtotal	662,473	-	-	-	-
Total	\$ 671,311	-	-	8,838	8,838
Financial liabilities at amortized cost					
Notes payable, accounts payable and other payables	\$ 121,687	-	-	-	-
Lease liabilities	14,487	-	-	-	-
Receipts under custody (accounting for other current liabilities)	2,077	-	-	-	-
Refund liabilities (accounting for other non-current liabilities)	2,065	-	-	-	-
Total	\$ 140,316	-	-	-	-

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

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance at January 1, 2022	\$ 6,735
Total gains and losses recognized	
In other comprehensive income	(2,864)
Effect of movements in exchange rate	366
Balance at September 30, 2022	\$ 4,237
Balance at January 1, 2021	\$ 12,954
Total gains and losses recognized	
In other comprehensive income	(4,042)
Effect of movements in exchange rate	(74)
Balance at September 30, 2021	\$ 8,838

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021, total gains and losses that were included in “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
	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”	<u>\$ (1,139)</u>	<u>(3,441)</u>	<u>(2,864)</u>	<u>(4,042)</u>

- 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 input. 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:

Item	Valuation Technique	Significant Non-observable Input	The Relationship between Significant Non-observable Input and Fair Value
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 September 30, 2022, December 31, 2021 and September 30, 2021 were 3.03~4.17、4.53~6.78 and 3.93~6.85)	• 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

- Market illiquidity discount(As of September 30, 2022, December 31, 2021 and September 30, 2021 were 15%~20% 、 15%~20% and 15%~20%)

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:

		Impact of Fair Value Change on Other Comprehensive income or loss	
Input	Variation	Favorable Change	Unfavorable Change
September 30, 2022			
Financial assets at fair value through other comprehensive income			
Equity investments without an active market	Multiplier of price-to-book ratio	5%	\$ 210 (210)
Equity investments without an active market	Market illiquidity discount	5%	<u>264 (264)</u>
		\$ 474	(474)
December 31, 2021			
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%	<u>421 (421)</u>
		\$ 760	(760)

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		Impact of Fair Value Change on Other Comprehensive income or loss	
		Favorable Change	Unfavorable Change
		Input	Variation
September 30, 2021			
Financial assets at fair value through			
other comprehensive income			
Equity investments without an	Multiplier of price-to-	5%	\$ 442 (442)
active market	book ratio		
Equity investments without an	Market illiquidity	5%	554 (554)
active market	discount		
			\$ 996 (996)

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.

(s) 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.

(t) 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.

(u) Investing and financing activities not effecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the nine months ended September 30, 2022 and 2021.

Reconciliation of liabilities arising from financing activities were as follows:

	January 1,2022	Cash flows	No-cash changes		September 30, 2022
			Other	Foreign exchange movement	
Lease liabilities	\$ 13,152	(3,066)	3,908	71	14,065
Total liabilities from financing activities	\$ 13,152	(3,066)	3,908	71	14,065

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

	January 1,2021	Cash flows	No-cash changes		September 30, 2021
			Other	Foreign exchange movement	
Lease liabilities	\$ 12,387	(4,395)	6,515	(20)	14,487
Total liabilities from financing activities	<u>\$ 12,387</u>	<u>(4,395)</u>	<u>6,515</u>	<u>(20)</u>	<u>14,487</u>

(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.

<u>Name of related party</u>	<u>Relationship with the Group</u>
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	"

(c) Significant transactions with related parties

1) Sales revenue

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Associates	\$ 4,798	5,273	12,198	8,059
Other related parties	1,116	10	4,499	296
	<u>\$ 5,914</u>	<u>5,283</u>	<u>16,697</u>	<u>8,355</u>

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 to 90 days after arrival.

2) Purchase

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

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
	Associates	\$ -	947	710
Others related parties:				
AIMobile Co., Ltd.	-	-	-	56,110
Others	41	-	311	402
	\$ 41	947	1,021	60,394

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 price 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:

Financial Statement Account	Related Party Categories	September 30, 2022	December 31, 2021	September 30, 2021
Accounts receivable	Associates	\$ 535	1,165	4,673
	Others related parties	1,172	4,928	11
Other receivables	Associates	-	91	-
		\$ 1,707	6,184	4,684

4) Payables from Related Parties

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

Financial Statement Account	Related Party Categories	September 30, 2022	December 31, 2021	September 30, 2021
Accounts payable	Associates	\$ -	596	717
Other payables	Associates	5	1,578	-
		\$ 5	2,174	717

5) Other expense and revenue

Financial Statement Account	Related Party Categories	For the three months ended September 30,		For the nine months ended September 30,	
		2022	2021	2022	2021
		Other expenses	Associates	\$ 4	-

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6) Others

- a) The Group received \$87 from its associates for advance payment on December 31, 2021.
- b) The Group paid \$127 from its other related parties for advance payment on September 30, 2022.
- c) The Group paid \$80、\$186 and \$77 to its other related parties for the refundable deposits as of September 30, 2022, December 31, 2021 and September 30, 2021. The Group paid \$240、\$240 and \$160 to its other related parties for the guaranteed notes in deposit as of September 30, 2022, December 31, 2021 and September 30, 2021.
- d) The Group paid \$240、\$240 and \$160 to its other related parties for the guaranteed notes in deposit as of September 30, 2022, December 31, 2021 and September 30, 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 and the nine months ended September 30, 2022 and 2021, the Group recognized the amount of \$10、\$14、\$33 and \$45 as interest expense. As of September 30, 2022, December 31, 2021 and September 30, 2021, the balance of lease liabilities amounted to \$2,476、\$3,284 and \$3,551.

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 and the nine months ended September 30, 2022 and 2021, the Group recognized the amount of \$2、\$6、\$15 and \$23 as interest expense. As of September 30, 2022, December 31, 2021 and September 30, 2021, the balance of lease liabilities amounted to \$1,051、\$1,694 and \$1,770.

The Group rented an office building from Inventec Appliances (XI'AN) Corporation in January 2019 which lease term is 5 years. 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 and the nine months ended September 30, 2022 and 2021, the Group recognized the amount of \$23、\$3、\$78 and \$16 as interest expense. As of September 30, 2022, December 31, 2021 and September 30, 2021, the balance of lease liabilities amounted to \$1,759、\$2,311 and \$2,506.

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

d) Key management personnel compensation

Key management personnel compensation including:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Short-term employee benefits	\$ 3,758	3,890	12,339	15,607
Post-employment benefits	54	81	1,825	664
	\$ 3,812	3,971	14,164	16,271

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	September 30, 2022	December 31, 2021	September 30, 2021
Other current financial assets	Performance bond	\$ 3,011	3,780	6,742
Other non-current financial assets	Customs duty guarantee, performance bond etc.	17,334	15,205	13,208
		\$ 20,345	18,985	19,950

(9) Significant Commitments and Contingencies

(a) Major Commitments:

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

	September 30, 2022	December 31, 2021	September 30, 2021
Notes issued as guarantee	\$ 390,862	389,146	389,066

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

	September 30, 2022	December 31, 2021	September 30, 2021
TWD	\$ 849	1,469	1,429
USD	\$ 57	18	68

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	September 30, 2022	December 31, 2021	September 30, 2021
Amounts of promised sales with undelivered goods	\$ 23,470	99,433	112,911

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

	September 30, 2022	December 31, 2021	September 30, 2021
Amount of promised purchase with unreceived goods	\$ 22,061	58,816	84,669

(b) Contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Others

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

By function	For the three months ended September 30,2022			For the three months ended September 30,2021		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
By item						
Employee benefits						
Salary	1,371	27,326	28,697	1,516	29,951	31,467
Labor and health insurance	115	2,432	2,547	148	2,715	2,863
Pension	328	2,650	2,978	95	2,098	2,193
Other employee benefits	13	1,463	1,476	14	1,371	1,385
Depreciation	1,827	1,396	3,223	1,814	1,485	3,299
Amortization	125	1,120	1,245	85	1,620	1,705

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

By function By item	For the nine months ended September 30,2022			For the nine months ended September 30,2021		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	4,111	84,828	88,939	4,812	94,056	98,868
Labor and health insurance	368	7,769	8,137	442	8,449	8,891
Pension	492	7,898	8,390	286	7,434	7,720
Other employee benefits	44	4,211	4,255	59	3,613	3,672
Depreciation	5,754	4,166	9,920	5,828	4,389	10,217
Amortization	375	3,629	4,004	256	5,110	5,366

- (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 nine months ended September 30,2022.

- 1) Loans to other parties:

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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	893	-	-	4.35%	2	-	Business turnover	-	None	-	17,463	34,926

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 of balance sheet data (excluding investment in subsidiaries, associates and joint ventures):

(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 Victa Technology Co., Ltd.	-	"	319,149	4,237	6.00%	4,237	

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 TWD\$100 million or 20% of capital stock: None.

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

9) Trading in derivative instruments: None.

10) Business relationships and significant intercompany transactions: None.

(b) Information on investees:

For the nine months ended September 30, 2022, the following was the information on investees (excluding 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 (loss)	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%	36,087	2,592	2,592	Subsidiary
"	Besta (Cayman) Co., Ltd.	Cayman	"	1,137,242	1,137,242	35,502,000	100.00%	121,460	4,071	4,071	"

Note 1: The amounts of the transaction and the ending balance had been offset 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:

(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 September 30, 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	206,375	(2)	195,263	-	-	195,263	(1,441)	100.00%	(1,441)	5,920	-
Besta Digital Technology Co., Ltd.	Sale of electronic dictionaries and PDA-related products	381,000	(2)	381,000	-	-	381,000	(344)	100.00%	(344)	69,853	-
Besta (Kunshan) Co., Ltd. (Note 8)	Sale of consumer electronics and related products	285,750	(2)	285,750	-	-	285,750	(1,566)	100.00%	(1,566)	6,985	-
Kunshan Besta Electronics Limited (Note 7)	Sales of electronic dictionaries and PDA-related products	-	(3)	-	-	-	-	-	- %	11	-	-

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Limitation on investment in Mainland China:

Name of company	Accumulated Investment in Mainland China as of September 30, 2022	Investment Amounts Authorized by investment Commission, MOEA	Upper limit on Investment
Inventec Besta Co., Ltd.	1,608,138	1,608,138	368,483

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 \$317,500 and \$428,625 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.

Note 8: The boards of directors resolved to dissolve Besta (Kunshan) Co., Ltd. on June 27, 2022, and the liquidation process is still in progress.

3) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China For the three months ended September 30, 2021, which were eliminated in the preparation of consolidated financial statement, are disclosed in "Information on significant transactions".

(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

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 for the three and the nine months ended September 30, 2022 and 2021, were as follows:

	For the three months ended September 30,2022			
	Taiwan department	Other departments	Adjustment and Elimination	Total
Revenue:				
External customers	\$ 134,365	4,340	(1,625)	137,080
Inter-company revenue	39	825	(864)	-
Total revenue	\$ 134,404	5,165	(2,489)	137,080
Reportable segment profit (loss)	\$ (16,050)	291	(291)	(16,050)

	For the three months ended September 30,2021			
	Taiwan department	Other departments	Adjustment and Elimination	Total
Revenue:				
External customers	\$ 153,025	4,779	(3,262)	154,542
Total revenue	\$ 153,025	4,779	(3,262)	154,542
Reportable segment profit (loss)	\$ (26,564)	(5,064)	5,075	(26,553)

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	For the nine months ended September 30,2022			
	Taiwan department	Other departments	Adjustment and Elimination	Total
Revenue:				
External customers	\$ 481,239	14,532	(8,768)	487,003
Inter-company revenue	39	1,118	(1,157)	-
Total revenue	\$ 481,278	15,650	(9,925)	487,003
Reportable segment profit (loss)	\$ (56,331)	3,302	(3,308)	(56,337)

	For the nine months ended September 30,2021			
	Taiwan department	Other departments	Adjustment and Elimination	Total
Revenue:				
External customers	\$ 606,684	17,553	(9,395)	614,842
Inter-company revenue	84	-	(84)	-
Total revenue	\$ 606,768	17,553	(9,479)	614,842
Reportable segment profit (loss)	\$ 171,526	(11,949)	12,006	171,583