

**INVENTEC BESTA CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS**

With Independent Auditors' Review Report

For the nine months ended September 30, 2023 and 2022

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Inventec Besta Co., Ltd. and its subsidiaries as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three and the nine months ended September 30, 2023 and 2022, as well as changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, 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 Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China 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 \$16,718 thousand and \$22,101 thousand, constituting 2.28% and 2.73% of consolidated total assets as of September 30, 2023 and 2022, respectively, total liabilities amounting to \$5,389 thousand and \$9,196 thousand, constituting 2.81% and 4.69% of consolidated total liabilities as of September 30, 2023 and 2022, respectively; and total comprehensive income (loss) amounting to \$(151) thousand, \$(1,992) thousand, \$1,590 thousand and \$(3,006) thousand, constituting 1.71%, 12.15%, (3.22)% and 5.31% of consolidated total comprehensive income

(loss) for the three and the nine months ended September 30, 2023 and 2022, 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, 2023 and 2022, and of its consolidated financial performance for the three and the nine months ended September 30, 2023 and 2022, and of its consolidated cash flows for the nine months ended September 30, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect 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 13, 2023

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, 2023 and 2022

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
September 30, 2023, December 31, 2022, and September 30, 2022
(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2023		December 31, 2022		September 30, 2022				September 30, 2023		December 31, 2022		September 30, 2022			
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%		
Current Assets:								Current Liabilities:									
1100	Cash and cash equivalents	(Note 6(a))	\$ 333,341	45	390,986	49	375,865	46	2130	Current contract liabilities	(Note 6(o))	\$ 17,211	2	12,063	1	11,028	1
1140	Current contract assets	(Note 6(o))	522	-	687	-	1,100	-	2170	Notes and accounts payable	(Note 7)	94,370	13	92,945	12	87,032	11
1170	Notes and accounts receivable, net	(Notes 6(c) and 7)	93,395	13	60,957	8	96,014	12	2200	Other payables	(Note 7)	30,261	4	39,480	5	33,028	4
1200	Other receivables	(Notes 6(d) and 7)	22,429	3	27,465	3	29,083	4	2280	Current lease liabilities	(Notes 6(j),(u) and 7)	3,773	1	3,851	-	3,943	-
1220	Current tax assets		75	-	40	-	30	-	2300	Other current liabilities		5,516	1	7,708	1	5,390	1
130X	Inventories	(Note 6(e))	59,066	8	91,592	12	74,994	9				151,131	21	156,047	19	140,421	17
1476	Other current financial assets	(Notes 6(i) and 8)	40,548	6	38,361	5	35,976	4									
1479	Other current assets, others		17,370	2	8,976	1	21,203	3									
			566,746	77	619,064	78	634,265	78									
Non-current Assets:								Non-current Liabilities:									
1517	Non-current financial assets at fair value through other comprehensive income	(Note 6(b))	6,058	1	5,871	1	4,237	1	2570	Deferred tax liabilities		13,156	2	13,156	2	13,156	2
1600	Property, plant and equipment	(Note 6(f))	122,842	17	128,958	16	126,674	16	2580	Non-current lease liabilities	(Notes 6(j),(u) and 7)	5,296	1	8,293	1	10,122	1
1755	Right-of-use assets	(Note 6(g))	10,247	2	13,624	2	14,116	2	2640	Net defined benefit liability, non-current		18,102	2	23,208	3	29,969	4
1780	Intangible assets	(Note 6(h))	9,192	1	9,905	1	10,361	1	2670	Other non-current liabilities, others		4,044	-	2,514	-	2,369	-
1840	Deferred tax assets		3,189	-	3,189	-	3,189	-									
1980	Other non-current financial assets	(Notes 6(i) and 8)	16,078	2	14,571	2	17,334	2									
			167,606	23	176,118	22	175,911	22									
									Total Liabilities								
			191,729	26	203,218	25	196,037	24									
									Equity Attributable to Owners of Parent: (Note 6(m))								
									3100	Capital stock		623,663	85	623,663	78	623,663	77
									3200	Capital surplus		82,159	11	100,180	13	100,180	12
									3300	Retained earnings		(46,955)	(6)	(18,021)	(2)	4,566	1
									3400	Other equity		(116,244)	(16)	(113,858)	(14)	(114,270)	(14)
									Total Equity								
			542,623	74	591,964	75	614,139	76									
Total Assets			\$ 734,352	100	795,182	100	810,176	100	Total Liabilities and Equity			\$ 734,352	100	795,182	100	810,176	100

See accompanying notes to 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 COMPREHENSIVE INCOME

For the three and the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		For the three months ended September 30,				For the nine months ended September 30,				
		2023		2022		2023		2022		
		Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue	(Notes 6(o) and 7)	\$ 116,481	100	137,080	100	423,674	100	487,003	100
5000	Operating costs	(Note 6(e))	(96,048)	(82)	(112,026)	(82)	(363,391)	(86)	(416,342)	(85)
	Gross profit from operations		20,433	18	25,054	18	60,283	14	70,661	15
	Operating expenses:									
6100	Selling expenses		(11,174)	(10)	(18,414)	(13)	(42,281)	(10)	(58,794)	(12)
6200	Administrative expenses		(11,343)	(10)	(10,555)	(8)	(33,364)	(7)	(33,607)	(7)
6300	Research and development expenses		(18,815)	(16)	(18,038)	(13)	(50,545)	(12)	(49,866)	(10)
6450	Impairment losses (impairment gains and reversal of impairment losses) determined in accordance with IFRS9		3,653	3	(2,659)	(2)	1,751	-	(4,850)	(1)
	Total operating expenses		(37,679)	(33)	(49,666)	(36)	(124,439)	(29)	(147,117)	(30)
	Net operating loss		(17,246)	(15)	(24,612)	(18)	(64,156)	(15)	(76,456)	(15)
	Non-operating income and expenses:	(Note 6(q))								
7100	Interest income		1,094	1	939	1	3,911	1	2,162	-
7010	Other income		1,490	1	2,160	2	5,489	1	6,173	1
7020	Other gains and losses		6,501	6	5,579	4	8,236	2	12,163	2
7050	Finance costs		(77)	-	(116)	-	(435)	-	(379)	-
	Total non-operating income and expenses		9,008	8	8,562	7	17,201	4	20,119	3
7900	Loss from continuing operations before tax		(8,238)	(7)	(16,050)	(11)	(46,955)	(11)	(56,337)	(12)
7950	Less: Income tax expenses	(Note 6(l))	-	-	-	-	-	-	(6)	-
	Loss		(8,238)	(7)	(16,050)	(11)	(46,955)	(11)	(56,331)	(12)
	Other comprehensive income (loss):									
8310	Items that may not be reclassified subsequently to profit or loss									
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(532)	-	(1,139)	(1)	155	-	(2,864)	(1)
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	-	-	-	-	-	-
	Total items that may not be reclassified subsequently to profit or loss		(532)	-	(1,139)	(1)	155	-	(2,864)	(1)
8360	Items that may be reclassified subsequently to profit or loss									
8361	Exchange differences on translation of foreign financial statements		(85)	-	794	1	(2,541)	(1)	2,556	1
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss		-	-	-	-	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss		(85)	-	794	1	(2,541)	(1)	2,556	1
	Other comprehensive income (loss), net of income tax		(617)	-	(345)	-	(2,386)	(1)	(308)	-
8500	Total comprehensive income (loss)		\$ (8,855)	(7)	(16,395)	(11)	(49,341)	(12)	(56,639)	(12)
	Earnings per share	(Note 6(n))								
9750	Basic/ Diluted earnings (loss) per share (NT dollars)		\$ (0.13)		(0.26)		(0.75)		(0.90)	

See accompanying notes to consolidated financial statements.

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

Reviewed only, not audited in accordance with generally accepted auditing standards

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

For the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent								
	Capital Stock		Retained Earnings			Other Equity			Total Equity
	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, 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	
Balance at January 1, 2023	\$ 623,663	100,180	6,090	54,807	(78,918)	48,864	(162,722)	591,964	
Net loss for the period	-	-	-	-	(46,955)	-	-	(46,955)	
Other comprehensive income (loss) for the period	-	-	-	-	-	(2,541)	155	(2,386)	
Total comprehensive income (loss) for the period	-	-	-	-	(46,955)	(2,541)	155	(49,341)	
Legal reserve used to offset accumulated deficits	-	-	(6,090)	-	6,090	-	-	-	
Special reserve used to offset accumulated deficits	-	-	-	(54,807)	54,807	-	-	-	
Capital surplus used to offset accumulated deficits	-	(18,021)	-	-	18,021	-	-	-	
Balance at September 30, 2023	\$ 623,663	82,159	-	-	(46,955)	46,323	(162,567)	542,623	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements 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 CASH FLOWS

For the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2023	2022
Cash flows from (used in) operating activities:		
Loss before income tax	\$ (46,955)	(56,337)
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	11,631	9,920
Amortization expense	3,169	4,004
Impairment losses (impairment gains and reversal of impairment losses) determined in accordance with IFRS9	(1,751)	4,850
Interest expense	435	379
Interest income	(3,911)	(2,162)
Loss on disposal of property, plant and equipment	-	118
Gain on disposal of investments	(2,726)	-
Total adjustments to reconcile profit (loss)	<u>6,847</u>	<u>17,109</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	168	1,532
Notes receivable	-	3,897
Accounts receivable	(31,377)	24,875
Other receivables	5,130	(3,533)
Inventories	32,381	(3,818)
Other current assets	(8,337)	3,515
Total changes in operating assets	<u>(2,035)</u>	<u>26,468</u>
Changes in operating liabilities:		
Contract liabilities	5,148	7,772
Notes and accounts payable	1,414	(21,723)
Other payables	(9,180)	(12,480)
Other current liabilities	(2,194)	(6,251)
Net defined benefit liability	(5,106)	(7,296)
Total changes in operating liabilities	<u>(9,918)</u>	<u>(39,978)</u>
Total changes in operating assets and liabilities	<u>(11,953)</u>	<u>(13,510)</u>
Total adjustments	<u>(5,106)</u>	<u>3,599</u>
Cash outflow generated used in operations	(52,061)	(52,738)
Interest received	4,487	1,958
Interest paid	(435)	(401)
Income taxes (paid) received	(35)	89
Net cash flows used in operating activities	<u>(48,044)</u>	<u>(51,092)</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(1,981)	(7,087)
Processes from disposal of property, plant and equipment	-	77
Acquisition of intangible assets	(2,549)	(3,548)
Other financial assets	(3,668)	(1,994)
Other non-current assets	-	154
Net cash flows used in investing activities	<u>(8,198)</u>	<u>(12,398)</u>
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(3,079)	(3,066)
Increase in other non-current liabilities	1,528	120
Net cash flows used in financing activities	<u>(1,551)</u>	<u>(2,946)</u>
Effect of exchange rate changes on cash and cash equivalents	148	1,209
Net decrease in cash and cash equivalents	<u>(57,645)</u>	<u>(65,227)</u>
Cash and cash equivalents at beginning of period	390,986	441,092
Cash and cash equivalents at end of period	<u>\$ 333,341</u>	<u>375,865</u>

See accompanying notes to consolidated financial statements.

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

Reviewed only, not audited in accordance with generally accepted auditing standards

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023 and 2022

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

(1) Overview

Inventec Besta Co., Ltd. (“the Company”) was incorporated on February 17, 1989 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, digital products, etc., and cloud service 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 Nov 13, 2023.

(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, 2023.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from May 23, 2023.

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

(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, 2024, would not have a significant impact on its consolidated financial statements.

- Amendments to IAS 1 “Classification of liabilities as current or non-current”
- Amendments to IAS 1 “Non-current liabilities with covenants”

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

·Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

·Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”

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

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 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”

·Amendments to IAS 21 “Lack of Exchangeability”

(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 financial statement for the year ended December 31, 2022. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

1.List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements, was as follow:

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

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
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%	(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	- %	- %	- %	(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 process was 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 was completed on July 10, 2023.

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 of International Accounting 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.

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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, 2022.

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 512	299	458
Demand deposits	39,776	86,251	54,467
Foreign currency deposits	71,186	33,042	31,897
Cash equivalents - Time deposits	191,846	241,298	243,872
Cash equivalents - Bonds	30,021	30,096	45,171
Total	\$ 333,341	390,986	375,865

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

The aforesaid financial assets were not pledged as collateral.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Equity instruments at fair value through other comprehensive income:			
Stocks not listed on markets	\$ 6,058	5,871	4,237

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As of September 30, 2023, the balance of accumulate unrealized evaluation losses amounted to \$155,400.

The Group holds 9% 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, 2023, the balance of accumulate unrealized evaluation losses amounted to \$7,167.

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, 2023 and 2022.

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable	\$ 98,277	66,917	103,089
Less: Loss allowance	(4,882)	(5,960)	(7,075)
	<u>\$ 93,395</u>	<u>60,957</u>	<u>96,014</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables on September 30, 2023, December 31, 2022 and September 30, 2022. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	<u>September 30, 2023</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Not past due	\$ 84,666	0.00%~3.22%	1,993
Less than 30 days past due	8,166	2.43%~16.02%	253
31 to 90 days past due	2,640	2.43%~24.03%%	623
More than 91 days past due	<u>2,805</u>	67.02%~100.00%	<u>2,013</u>
	<u>\$ 98,277</u>		<u>4,882</u>

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	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	\$ 58,141	0.00%~2.49%	1,111
Less than 30 days past due	3,399	2.30%~15.90%	108
31 to 90 days past due	607	2.30%~38.45%	67
More than 91 days past due	4,770	39.14%~100.00%	4,674
	<u>\$ 66,917</u>		<u>5,960</u>
	September 30, 2022		
	Gross carrying amount	Weighted-average 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
More than 91 days past due	5,290	22.18%~100.00%	5,266
	<u>\$ 103,089</u>		<u>7,075</u>

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

	For the nine months ended September 30,	
	2023	2022
Balance at January 1	\$ 5,960	6,702
Impairment losses recognized (reversed)	(1,078)	373
Balance at September 30	<u>\$ 4,882</u>	<u>7,075</u>

(d) Other receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Other receivables	\$ 29,605	35,311	37,874
Less: Loss allowance	(7,176)	(7,846)	(8,791)
	<u>\$ 22,429</u>	<u>27,465</u>	<u>29,083</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for other receivables on September 30, 2023, December 31, 2022 and September 30, 2022. 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, 2023, December 31, 2022 and September 30, 2022 were determined as follows:

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	September 30, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	\$ 15,548	0.00%~6.94%	1,043
Less than 30 days past due	8,146	41.25%	3,360
31 to 90 days past due	5,051	41.35%	2,088
More than 91 days past due	860	51.4%~100%	685
	\$ 29,605		7,176

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	\$ 17,059	0.00%~6.22%	862
Less than 30 days past due	5,713	35.12%	2,006
31 to 90 days past due	6,923	35.19%~35.27%	2,437
More than 91 days past due	5,616	45.25%~100%	2,541
	\$ 35,311		7,846

	September 30, 2022		
	Gross carrying amount	Weighted-average 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
More than 91 days past due	210	48.05%~100%	210
	\$ 37,874		8,791

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

	For the nine months ended September 30,	
	2023	2022
Balance at January 1	\$ 7,846	4,329
Impairment losses recognized (reversed)	(670)	4,462
Balance at September 30	\$ 7,176	8,791

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(e) Inventories

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Raw materials and consumables	\$ 25,615	41,358	32,760
Work in process	3,546	6,739	3,350
Finished goods	4,993	16,449	9,760
Merchandise	24,912	27,046	29,124
	<u>\$ 59,066</u>	<u>91,592</u>	<u>74,994</u>

For the three and the nine months ended September 30, 2023 and 2022, the components of cost of goods sold 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 96,801	112,458	363,031	415,604
Gain or loss on inventory valuation and obsolescence	(753)	(432)	360	738
Total	<u>\$ 96,048</u>	<u>112,026</u>	<u>363,391</u>	<u>416,342</u>

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

As of September 30, 2023, December 31, 2022 and September 30, 2022 the Group's inventories were not pledged as collateral.

(f) Property, plant, and equipment

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

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	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Construction in progress and equipment awaiting examination</u>	<u>Total</u>
Cost or deemed cost:						
Balance at January 1, 2023	\$ 60,950	68,633	22,033	64,056	-	215,672
Additions	-	-	191	146	1,634	1,971
Disposals	-	-	(815)	(774)	-	(1,589)
Reclassification	-	-	-	147	-	147
Effect of movements in exchange rates	-	36	17	4	-	57
Balance at September 30, 2023	<u>\$ 60,950</u>	<u>68,669</u>	<u>21,426</u>	<u>63,579</u>	<u>1,634</u>	<u>216,258</u>
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 rates	-	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>-</u>	<u>211,812</u>
Depreciation and impairment losses:						
Balance at January 1, 2023	\$ -	20,565	21,488	44,661	-	86,714
Depreciation for the period	-	1,014	242	6,995	-	8,251
Disposals	-	-	(815)	(774)	-	(1,589)
Effect of movements in exchange rates	-	20	16	4	-	40
Balance at September 30, 2023	<u>\$ -</u>	<u>21,599</u>	<u>20,931</u>	<u>50,886</u>	<u>-</u>	<u>93,416</u>
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 rates	-	218	215	40	-	473
Balance at September 30, 2022	<u>\$ -</u>	<u>20,352</u>	<u>22,390</u>	<u>42,396</u>	<u>-</u>	<u>85,138</u>

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	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Construction in progress and equipment awaiting examination</u>	<u>Total</u>
Carrying amounts:						
Balance at January 1, 2023	\$ 60,950	48,068	545	19,395	-	128,958
Balance at September 30, 2023	\$ 60,950	47,070	495	12,693	1,634	122,842
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

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

(g) Right-of-use assets

	<u>Buildings and Construction</u>	<u>Machinery and Equipment</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2023	\$ 12,031	1,593	13,624
Balance at September 30, 2023	\$ 9,089	1,158	10,247
Balance at January 1, 2022	\$ 12,943	-	12,943
Balance at September 30, 2022	\$ 14,116	-	14,116

There were no significant additions, disposal, impairment, reversal in right-of-use assets of the leased land, buildings and machinery equipment for the nine months ended September 30, 2023 and 2022. For other information, please refer to Note 6(g) of the consolidated financial statements for the year ended December 31, 2022.

(h) Intangible assets

	<u>Trademark</u>	<u>Royalties</u>	<u>Other intangible assets</u>	<u>Total</u>
Carrying amounts:				
Balance at January 1, 2023	\$ 6,312	2,707	886	9,905
Balance at September 30, 2023	\$ 6,312	1,775	1,105	9,192
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

There were no significant additions, disposal, impairment, reversal in Intangible assets for the nine months ended September 30, 2023 and 2022. For other information, please refer to Note 6(h) of the consolidated financial statements for the year ended December 31, 2022.

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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, 2023, December 31, 2022 and September 30, 2022.

(i) Other financial assets

The Group of other financial assets were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits over three months	\$ 33,171	32,455	32,965
Refundable deposits	21,455	18,477	18,345
Pledged time deposits	2,000	2,000	2,000
Total	\$ 56,626	52,932	53,310

As of September 30, 2023, December 31, 2022 and September 30, 2022, the details of 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Current	\$ 3,773	3,851	3,943
Non-current	\$ 5,296	8,293	10,122

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

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Interest on lease liabilities	\$ 47	68	170	199
Expenses relating to short-term leases	\$ 55	247	178	392

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

	For the nine months ended September 30,	
	2023	2022
Total cash outflow for leases	\$ 3,427	3,657

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1.Real estate leases

The Group leases buildings for its office space. The leases of office space typically run 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.

2.Other leases

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, 2022 and 2021.

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Operating costs	\$ 6	8	18	22
Selling expenses	33	31	100	93
Administrative expenses	43	33	129	98
Research and development expenses	15	15	46	45
Total	\$ 97	87	293	258

The net defined benefit liability amounted to \$18,102, \$23,208, and \$29,969 as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

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2. Defined contribution plans

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Operating costs	\$ 135	320	253	470
Selling expenses	695	1,308	3,537	2,688
Administrative expenses	214	(37)	636	1,986
Research and development expenses	441	834	1,175	1,599
Total	\$ 1,485	2,425	5,601	6,743

The pension expenses contributed by the foreign entities following the local regulations amounted to \$475, \$466, \$1,358, and \$1,389 for the three and the nine months ended September 30, 2023 and 2022, respectively.

(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,	
	2023	2022	2023	2022
Current income tax expense				
Current period	\$ -	-	-	-
Adjustment for prior periods	-	-	-	(6)
Income tax expense from continuing operations	\$ -	-	-	(6)

The Group had not recognized the income tax in other comprehensive income (loss) for the nine months ended September 30, 2023 and 2022.

2. Assessment of tax

The Company's tax returns for the years through 2020 were assessed by the Tax Authority.

(m) Capital and other equity

Except for the following disclosures, there was no significant change for capital and other equity for the nine months ended September 30, 2023 and 2022. For the related information,

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please refer to Note 6(m) of the consolidated financial statements for the year ended December 31, 2022.

1.Capital surplus

The components of the capital surplus were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Share premium from issuance of share capital	\$ 82,159	100,180	100,180

In accordance with the ROC company Act, realized capital surplus can only be reclassified as share capital or distributed as cash dividends to after offsetting a deficit. The aforementioned realized capital surplus includes share premiums and donation gains. In accordance with the securities offering and Issuance Guidelines, the amount of capital surplus that can be capitalized shall not exceed 10% of the total actual share capital amount.

2.Retained earnings

If there is any surplus in the Company's annual final accounts, the Company shall first pay taxes and make up for accumulated losses over the years, and then set aside 10% as the legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. The special capital reserve shall be allocated or converted according to laws or regulation or as requested by business. Any remaining surplus shall be added to the accumulated undistributed earnings of the previous years. The Board of Directors may prepare a proposal for its distribution, and if new shares are to be issued as the form of distribution, the proposal shall be submitted to the shareholders meeting for resolution before the distribution. The Company authorizes the distributable dividends and bonuses, or legal reserve and capital reserve (reserve which exceeds 25 percent of the paid-in capital) as stipulated in Company Act, in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition, there to a report of such distribution shall be submitted to the shareholders' meeting.

3.Earnings distribution

On June 15, 2023, the Company's shareholder's meeting resolved to offset the 2022 accumulated deficits. On June 15, 2022, the Company's shareholder's meeting resolved to distribute the 2021 earning.

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

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4. Other equity (net of taxes)

	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, 2023	\$ 48,864	(162,722)
Profit or loss reclassified on disposal of foreign operation	(2,751)	-
Exchange differences on foreign operations	210	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	155
Balance at September 30, 2023	<u>\$ 46,323</u>	<u>(162,567)</u>
Balance at January 1, 2022	\$ 47,738	(161,700)
Exchange differences on foreign operations	2,556	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(2,864)
Balance at September 30, 2022	<u>\$ 50,294</u>	<u>(164,564)</u>

(n) Earnings per share

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Basic earnings (losses) per share				
Losses attributable of the Company	<u>\$ (8,238)</u>	<u>(16,050)</u>	<u>(46,955)</u>	<u>(56,331)</u>
Weighted average number of outstanding ordinary shares (Basic) (thousands share)	<u>62,366</u>	<u>62,366</u>	<u>62,366</u>	<u>62,366</u>
Basic (losses) earnings per share (dollars)	<u>\$ (0.13)</u>	<u>(0.26)</u>	<u>(0.75)</u>	<u>(0.90)</u>

The Group did not list the diluted (losses) earnings per share, because the Group incurred net loss after tax for the nine months ended September 30, 2023 and 2022, which will lead to anti-dilutive effect while calculating potential items form diluted earnings per share.

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(o) Revenue from contracts with customers

1. Disaggregation of revenue

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Primary geographical markets:				
Taiwan	\$ 50,883	79,746	187,649	279,660
Japan	572	36,838	81,845	124,078
Czechia	13,885	9,877	57,088	25,677
The United States and Canada	31,816	4,392	52,322	25,208
Singapore and Malaysia	11,707	5,971	25,286	19,806
Other countries	7,618	256	19,484	12,574
	\$ 116,481	137,080	423,674	487,003
Major products:				
Sales of products	\$ 114,973	127,314	402,009	459,363
Rendering of services	1,508	9,766	21,665	27,640
	\$ 116,481	137,080	423,674	487,003

2. Contract balances

	September 30,	December 31,	September 30,
	2023	2022	2022
Notes and accounts receivable	\$ 98,277	66,917	103,089
Less: Loss allowance	(4,882)	(5,960)	(7,075)
Total	\$ 93,395	60,957	96,014
Contract asset	\$ 535	703	1,119
Less: Loss allowance	(13)	(16)	(19)
Total	\$ 522	687	1,100
Contract liabilities	\$ 17,211	12,063	11,028

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

The amounts of revenue recognized for the three and the nine months ended September 30, 2023 and 2022, that were included in the contract liability balance at the beginning of the period were \$187, \$0, \$8,958 and \$293, respectively.

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

(p) Remuneration of employees and directors

In accordance with Articles of Incorporation, if the Company has a profit of the year shall distribute not less than 3% of the balance as remuneration to Employees and not more than 3% to Directors of the Corporation. However, require that earnings shall first be offset against any deficit. In the preceding paragraphs distributed in the form of cash or in shares; the qualification requirements including the employees of subsidiaries of the company. The conditions and measures set by the Board of Directors.

The Group incurred losses before tax for the nine months ended September 30, 2023 and 2022, and thus, the Group was not accrued any remuneration to its employees and directors.

There is no difference between the estimated employees' and directors' remuneration amounts to 2,797 for the year ended December 31, 2021, and the amounts approved by the Company's Board of Directors. Related information would be available at the Market Observation Post System website.

The Group had an annual loss for the year ended December 31, 2022, and thus, the Group was not accrued any remuneration to its employees and directors.

(q) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Interest income				
Bank deposits	\$ 1,054	864	3,801	1,977
Others	40	75	110	185
	\$ 1,094	939	3,911	2,162

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,	
	2023	2022	2023	2022
Rental income	\$ 1,213	1,981	5,171	5,900
Others	277	179	318	273
	\$ 1,490	2,160	5,489	6,173

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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,	
	2023	2022	2023	2022
Foreign exchange gains	\$ 3,904	5,969	5,898	12,717
Losses on disposal of property, plant and equipment	-	(118)	-	(118)
Others	(129)	(272)	(388)	(436)
Gains on disposals of investments	2,726	-	2,726	-
	\$ 6,501	5,579	8,236	12,163

4. Finance costs

The details of finance costs were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Interest expenses				
Bank borrowings	\$ 30	48	265	180
Others	47	68	170	199
	\$ 77	116	435	379

(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, liquidity risk and market risk. For other related information, please refer to Note 6(r) of the consolidated financial statements for the year ended December 31, 2022.

1. Credit risk

a) Receivables and equity securities of credit risk

Please refer to Note 6(c) for notes and accounts receivable of credit risk exposure. Please refer to Note 6(d) for impairment of financial assets at amortized cost including other receivables, etc.

Please refer to Note 6(b) for details on investments and loss allowance, equity securities at fair value through other comprehensive income include stocks not on domestic market, etc.

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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, 2023							
Non-derivative financial liabilities							
Accounts payable	\$ 94,370	94,370	94,370	-	-	-	-
Other payables	30,261	30,261	30,261	-	-	-	-
Lease liabilities	9,069	9,311	1,836	2,065	2,244	3,166	-
Receipts under custody (reported as other current liabilities)	775	775	775	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	4,044	4,044	1,297	321	919	1,507	-
	\$ 138,519	138,761	128,539	2,386	3,163	4,673	-
Balance at December 31, 2022							
Non-derivative financial liabilities							
Accounts payable	\$ 92,945	92,945	92,945	-	-	-	-
Other payables	39,480	39,480	39,480	-	-	-	-
Lease liabilities	12,144	12,557	1,988	2,064	4,127	4,138	240
Receipts under custody (reported as other current liabilities)	1,971	1,971	1,971	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	2,514	2,514	513	913	-	1,088	-
	\$ 149,054	149,467	136,897	2,977	4,127	5,226	240

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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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>

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, were as follows:

September 30, 2023			
<u>Financial assets</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
	<u>(In thousands)</u>		
<u>Monetary items</u>			
USD	\$ 5,179	USD : TWD 32.2700	167,126
	42	USD : CNY 7.3191	1,355
CNY	28	CNY : TWD 4.4090	123
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	2,205	USD : TWD 32.2700	71,155

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December 31, 2022				
	Foreign currency (In thousands)		Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	4,042	USD : TWD 30.6750	123,988
		64	USD : CNY 6.9748	1,963
CNY		19	CNY : TWD 4.3980	84
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		1,355	USD : TWD 30.6750	41,565
September 30, 2022				
	Foreign currency (In thousands)		Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	5,087	USD : TWD 31.7500	161,512
		15	USD : CNY 7.1077	476
CNY		19	CNY : TWD 4.4670	85
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		1,868	USD : TWD 31.7500	59,309

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, etc. that are denominated in foreign currency. A 0.5% depreciation or appreciation of the NTD against the USD and CNY as of September 30, 2023 and 2022, and assumes all other variables factors that remain constant, would have increased or decreased the net loss after tax for the nine months ended September 30, 2023 and 2022 by \$488 and \$514, 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's monetary items (included realized and unrealized) converted into the functional currency amount, and converted to the parent company's functional currency Taiwan Dollar exchange rate information were as follow:

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

	For the nine months ended September 30, 2023		For the nine months ended September 30, 2022	
	Foreign exchange gains (losses)	Average exchange rate	Foreign exchange gains (losses)	Average exchange rate
TWD	\$ 6,040	1.000	12,639	1.000
CNY	(142)	4.4035	78	4.4060

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 risk exposure to the interest rate. The assets and liabilities with variable rates on the reporting date are access with the assumption that the amount of assets and 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 \$41 and \$67 for the nine months ended September 30, 2023 and 2022, assuming all other variable factors that remain constant. This is mainly due to the Group's time deposits in variable rate.

5. Fair value information

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:

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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	September 30, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through					
other comprehensive income					
Unquoted equity instruments	\$ 6,058	-	-	6,058	6,058
measured at fair value					
Financial assets at amortized cost					
Cash and cash equivalents	333,341	-	-	-	-
Notes receivable, accounts receivable and other receivables	115,824	-	-	-	-
Other financial assets	56,626	-	-	-	-
Subtotal	505,791	-	-	-	-
Total	\$ 511,849	-	-	6,058	6,058
Financial liabilities at amortized cost					
Notes payable, accounts payable and other payables	\$ 124,631	-	-	-	-
Lease liabilities	9,069	-	-	-	-
Receipts under custody (reported as other current liabilities)	775	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	4,044	-	-	-	-
Total	\$ 138,519	-	-	-	-

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through					
other comprehensive income					
Unquoted equity instruments	\$ 5,871	-	-	5,871	5,871
measured at fair value					
Financial assets at amortized cost					
Cash and cash equivalents	390,986	-	-	-	-
Notes receivable, accounts	88,422	-	-	-	-
receivable and other					
receivables					
Other financial assets	52,932	-	-	-	-
Subtotal	532,340	-	-	-	-
Total	\$ 538,211	-	-	5,871	5,871
Financial liabilities at amortized cost					
Notes payable, accounts	\$ 132,425	-	-	-	-
payable and other payables					
Lease liabilities	12,144	-	-	-	-
Receipts under custody	1,971	-	-	-	-
(reported as other current					
liabilities)					
Guarantee deposits received	2,514	-	-	-	-
(reported as other					
non-current liabilities)					
Total	\$ 149,054	-	-	-	-

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

	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	\$ 4,237	-	-	4,237	4,237
measured at fair value					
Financial assets at amortized cost					
Cash and cash equivalents	375,865	-	-	-	-
Notes receivable, accounts	125,097	-	-	-	-
receivable and other					
receivables					
Other financial assets	53,310	-	-	-	-
Subtotal	554,272	-	-	-	-
Total	<u>\$ 558,509</u>	<u>-</u>	<u>-</u>	<u>4,237</u>	<u>4,237</u>
Financial liabilities at amortized cost					
Notes payable, accounts	\$ 120,060	-	-	-	-
payable and other payables					
Lease liabilities	14,065	-	-	-	-
Receipts under custody	1,571	-	-	-	-
(reported as other current					
liabilities)					
Guarantee deposits received	2,369	-	-	-	-
(reported as other					
non-current liabilities)					
Total	<u>\$ 138,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

b) Valuation techniques for financial instruments measured at fair value

(b.1) Non-derivative financial instruments

The fair value of financial instruments is 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

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

fair values are based on the quoted market prices.

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, 2023	\$ 5,871
Total gains and losses recognized in	
Other comprehensive income	155
Effect of movements in exchange rate	32
Balance at September 30, 2023	\$ 6,058
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

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

For the nine months ended September 30, 2023 and 2022, total gains and losses included in “unrealized gains and losses from equity securities at fair value through other comprehensive income” were as follows:

For the three months ended September 30,		For the nine months ended September 30,	
2023	2022	2023	2022

Total gains and losses recognized:

In other comprehensive income, and presented in “unrealized gains and losses from equity securities at fair value through other comprehensive income”	\$ (532)	(1,139)	155	(2,864)
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- 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 securities”.

The Group’s financial assets at fair value through other comprehensive income-equity securities 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 securities without an active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

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Notes to the Consolidated Financial Statements

<u>Item</u>	<u>Valuation Technique</u>	<u>Significant Non-observable Input</u>	<u>The Relationship between Significant Non-observable Input and Fair Value</u>
Financial assets at fair value through other comprehensive income - equity securities without an active market	Comparable listed companies' method	<ul style="list-style-type: none"> ·Multiplier of price-to-book ratio (As of September 30, 2023, December 31, 2022 and September 30, 2022 were 2.60~4.75、2.84~4.36 and 3.03~4.17) ·Market illiquidity discount (As of September 30, 2023, December 31, 2022 and September 30, 2022 were all 15%~20%) 	<ul style="list-style-type: none"> ·The higher the PB, the higher the fair value. ·The higher the illiquidity discount rate, the lower the fair value.

- 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 were as follows:

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			Impact of Fair Value Change on Other Comprehensive income or loss		
			<u>Favorable Change</u>	<u>Unfavorable Change</u>	
		<u>Input</u>	<u>Variation</u>		
September 30, 2023					
Financial assets at fair value through other comprehensive income					
Equity securities without an active market	Multiplier of price-to-book ratio	5%	\$ 304	(304)	
Equity securities without an active market	Market illiquidity discount	5%	<u>379</u>	<u>(379)</u>	
			<u>\$ 683</u>	<u>(683)</u>	
December 31, 2022					
Financial assets at fair value through other comprehensive income					
Equity securities without an active market	Multiplier of price-to-book ratio	5%	\$ 294	(294)	
Equity securities without an active market	Market illiquidity discount	5%	<u>367</u>	<u>(367)</u>	
			<u>\$ 661</u>	<u>(661)</u>	
September 30, 2022					
Financial assets at fair value through other comprehensive income					
Equity securities without an active market	Multiplier of price-to-book ratio	5%	\$ 210	(210)	
Equity securities without an active market	Market illiquidity discount	5%	<u>264</u>	<u>(264)</u>	
			<u>\$ 474</u>	<u>(474)</u>	

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.

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(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(s) of the consolidated financial statements for the year ended December 31, 2022.

(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, 2022. There were no significant changes in the quantified factors of capital management as compared to the consolidated financial statements for the year ended December 31, 2022. For other information about the capital management, please refer to Note 6(t) of the consolidated financial statements for the year ended December 31, 2022.

(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, 2023, were as follow:

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	No-cash changes		September 30, 2023
			Other	Foreign exchange movement	
Lease liabilities	\$ 12,144	(3,079)	-	4	9,069
Total liabilities from financing activities	\$ 12,144	(3,079)	-	4	9,069

	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

(7) Related Party Transactions

(a) 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.	"
SQ Technology (Shanghai) Corp.	"
AIMobile Co., Ltd.	"
Inventec Appliances (XI'AN) Corp.	"
Anhui Raise Victa Technology Co., Ltd.	"
Inventec (Chongqing) Corp.	"
Inventec (Shanghai) Corp.	"

(b) Significant transactions with related parties

1. Sales revenue

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

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Associates	\$ 5,180	4,798	16,881	12,198
Other related parties	746	1,116	3,528	4,499
	\$ 5,926	5,914	20,409	16,697

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:

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Associates	\$ 96	-	96	710
Other related parties	110	41	259	311
	\$ 206	41	355	1,021

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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Prices for the purchases above were negotiated, there is no other vendor as comparison for the above purchases, and 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, 2023	December 31, 2022	September 30, 2022
Accounts receivable	Associates	\$ 5,396	2,392	535
"	Other related parties	4,356	5,250	1,172
Other receivables	Associates	-	1,309	-
		\$ 9,752	8,951	1,707

4.Payables to related parties

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

Financial statement account	Related party categories	September 30, 2023	December 31, 2022	September 30, 2022
Other payables	Associates	\$ 251	2	5

5.Other expense and income

Financial statement account	Related party categories	For the three months ended September 30,		For the nine months ended September 30,	
		2023	2022	2023	2022
Other expenses	Associates	\$ 357	4	502	102
Other income	Other related parties	\$ -	-	35	-

6.Others

- a) The Group received \$429 from its other related parties for advance payment on December 31, 2022.
- b) The Group paid \$94 、\$0 and \$127 to its other related parties for advance payment as of September 30, 2023, December 31, 2022 and September 30, 2022.
- c) The Group paid \$79 、\$269 and \$80 to its other related parties for the refundable deposits as of September 30, 2023, December 31, 2022 and September 30, 2022.
- d) The Group paid \$237 、\$237 and \$240 to its associates for the guaranteed notes in deposit as of September 30, 2023, December 31, 2022 and September 30, 2022.

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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, 2023 and 2022, the Group recognized the amount of \$6、\$10、\$21 and \$33 as interest expense. As of September 30, 2023, December 31, 2022 and September 30, 2022, the balance of lease liabilities amounted to \$1,386、\$2,205 and \$2,476.

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, 2023 and 2022, the Group recognized the amount of \$3、\$2、\$10 and \$15 as interest expense. As of September 30, 2023, December 31, 2022 and September 30, 2022, the balance of lease liabilities amounted to \$588、\$936 and \$1,051.

In January 2019, the Group rented an office building from Inventec Appliances (XI'AN) Corporation. The rental fee is determined based on nearby office rental rates. The total value of the contract was RMB 1,027 thousand. For the three and the nine months ended September 30, 2023 and 2022, the Group recognized the amount of \$15、\$23、\$63 and \$78 as interest expense. As of September 30, 2023, December 31, 2022 and September 30, 2022, the balance of lease liabilities amounted to \$889、\$1,663 and \$1,759.

(c) Key management personnel compensation

Key management personnel compensation including:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Short-term employee benefits	\$ 3,869	3,758	11,528	12,339
Post-employment benefits	60	54	168	1,825
	\$ 3,929	3,812	11,696	14,164

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(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	September 30, 2023	December 31, 2022	September 30, 2022
Other current financial assets	Performance bond	\$ 7,377	5,906	3,011
Other non-current financial assets	Customs and duty guarantee, performance bond, etc.	16,078	14,571	17,334
		<u>\$ 23,455</u>	<u>20,477</u>	<u>20,345</u>

(9) Significant Commitments and Contingencies

(a) Major Commitments:

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

	September 30, 2023	December 31, 2022	September 30, 2022
Notes issued as guarantee	<u>\$ 313,327</u>	<u>359,059</u>	<u>390,862</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
TWD	<u>\$ 754</u>	<u>520</u>	<u>849</u>
USD	<u>\$ 42</u>	<u>53</u>	<u>57</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Amounts of promised sales with undelivered goods	<u>\$ 39,288</u>	<u>51,305</u>	<u>23,470</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Amount of promised purchase with unreceived goods	<u>\$ 25,111</u>	<u>48,710</u>	<u>22,061</u>

5. As of September 30, 2023, December 31, 2022 and September 30, 2022, the guarantee notes received for stock up and engineering projects amounted to \$5,500, \$1,000 and \$0, respectively.

(b) Contingencies: None.

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

(11) **Subsequent Events: None.**

(12) **Others**

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

By function	For the three months ended September 30, 2023			For the three months ended September 30, 2022		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
By item						
Employee benefits						
Salary	797	24,901	25,698	1,371	27,326	28,697
Labor and health insurance	246	2,053	2,299	115	2,432	2,547
Pension	141	1,916	2,057	328	2,650	2,978
Others	7	1,587	1,594	13	1,463	1,476
Depreciation	2,610	1,320	3,930	1,827	1,396	3,223
Amortization	70	859	929	125	1,120	1,245

By function	For the nine months ended September 30, 2023			For the nine months ended September 30, 2022		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
By item						
Employee benefits						
Salary	2,927	74,987	77,914	4,111	84,828	88,939
Labor and health insurance	459	6,462	6,921	368	7,769	8,137
Pension	271	6,981	7,252	492	7,898	8,390
Others	30	4,530	4,560	44	4,211	4,255
Depreciation	7,732	3,899	11,631	5,754	4,166	9,920
Amortization	313	2,856	3,169	375	3,629	4,004

(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, 2023:

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES
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- 1.Loans to other parties: None.
- 2.Guarantees and endorsements for other parties: None.
- 3.Securities held as 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/Units	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.	-	"	494,506	6,058	9.00%	6,058	

- 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.
- 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, 2023, 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 (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	Inventec Besta (BVI) Co., Ltd.	B.V.I.	Investment management	288,170	318,993	9,300,000	100.00%	10,063	3,738	1,807	Subsidiary (The difference was unrealized the gross profit of sales)
"	Besta (Cayman) Co., Ltd.	Cayman	"	28,603	1,137,242	900,000	100.00%	71,220	5,776	5,776	"

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

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

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(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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2023	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	209,755	(2)	198,461	-	-	198,461	1,590	100.00%	1,590	11,329	-
Besta Digital Technology Co., Ltd.	Sale of electronic dictionaries and PDA-related products	387,240	(2)	387,240	-	-	387,240	(98)	100.00%	(98)	70,952	-
Besta (Kunshan) Co., Ltd. (note 7)	Sale of consumer electronics and related products	290,430	(2)	290,430	-	5,320	285,110	-	100.00%	-	-	-

2. Limitation on investment in Mainland China:

Name of company	Accumulated Investment in Mainland China as of September 30, 2023	Investment Amounts Authorized by investment Commission, MOEA	Upper limit on Investment
Inventec Besta Co., Ltd.	1,629,156	1,634,476	325,573

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

- (a) Directly invest in China Company.
- (b) Invest in China Company by the company which set up in third area by the Company.
- (c) Others.

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

Note 3: In the above table, all relevant amounts are disclosed in New Taiwan Dollar. If aforementioned amount is related to foreign currency, it would be expressed in New Taiwan Dollar at exchange rate of ending reporting date. The amount of foreign currency of investment income (loss) is expressed in financial statement 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 \$322,700 and \$435,645 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 Besta (Kunshan) Co., Ltd. on June 27, 2022, and the liquidation process is still in progress.

Note 8: Besta (Kunshan) Co., Ltd. has been liquidated, and the remaining funds \$5,320 remitted back to Taiwan on September 27, 2023, wherein the liquidation procedures had not yet been approved by the Investment Commission, MOEA.

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the nine months ended September 30, 2023, which were eliminated in the preparation of consolidated financial statement: None.

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(d) Major shareholders:

(Unit: Shares)

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

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

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

(14) Segment Information

(a) General information

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

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

The classification of the Group's reportable segments is based on sales regions and the function. There were no material differences 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, 2023 and 2022, were as follows:

INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

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	For the three months ended September 30, 2023			
	Taiwan department	Others department	Adjustment and elimination	Total
Revenue:				
External customers	\$ 113,973	4,445	(1,937)	116,481
Inter-company revenue	-	1,887	(1,887)	-
Total revenue	\$ 113,973	6,332	(3,824)	116,481
Reportable segment profit (loss)	\$ (8,238)	7,052	(7,052)	(8,238)
	For the three months ended September 30, 2022			
	Taiwan department	Others department	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 nine months ended September 30, 2023			
	Taiwan department	Others department	Adjustment and elimination	Total
Revenue:				
External customers	\$ 416,293	13,458	(6,077)	423,674
Inter-company revenue	-	6,119	(6,119)	-
Total revenue	\$ 416,293	19,577	(12,196)	423,674
Reportable segment profit (loss)	\$ (46,955)	11,006	(11,006)	(46,955)
	For the nine months ended September 30, 2022			
	Taiwan department	Others department	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)