

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Review Report**

**For the Three Months Ended March 31, 2024 and 2023**

**Address: 6F.-1, No. 56, Ln. 258, Ruiguang Rd., Neihu Dist., Taipei City 114062, Taiwan (R.O.C.)**

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

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## **Independent Auditors' Review Report**

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

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Inventec Besta Co., Ltd. and its subsidiaries as of March 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of material 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 Standard on Review Engagements 2410, “Review of interim 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 \$17,855 thousand and \$20,751 thousand, constituting 2.77% and 2.74% of consolidated total assets as of March 31, 2024 and 2023, respectively; total liabilities amounting to \$7,016 thousand and \$4,632 thousand, constituting 4.86% and 2.51% of consolidated total liabilities as of March 31, 2024 and 2023, respectively; and total comprehensive income (loss) amounting to \$(612) thousand and \$993 thousand, constituting 3.76% and (5.00)% of consolidated total comprehensive income (loss) for the three months ended March 31, 2024 and 2023, respectively.

## **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Inventec Besta Co., Ltd. and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023, 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)

May 13, 2024

### **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.

(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 Balance Sheets**

March 31, 2024, December 31, 2023, and March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2024		December 31, 2023		March 31, 2023				March 31, 2024		December 31, 2023		March 31, 2023			
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%		
<b>Current Assets:</b>								<b>Current Liabilities:</b>									
1100	Cash and cash equivalents	(Note 6(a))	\$ 253,999	39	292,614	41	321,329	42	2130	Current contract liabilities	(Note 6(o))	\$ 12,870	2	14,182	2	13,173	2
1140	Current contract assets	(Note 6(o))	81	-	211	-	623	-	2170	Notes and accounts payable	(Note 7)	54,210	9	99,167	14	92,152	12
1150	Notes receivable, net	(Note 6(c))	6,167	1	5,043	1	3,647	-	2200	Other payables	(Note 7)	26,120	4	43,047	6	24,286	3
1170	Accounts receivable, net	(Note 6(c))	56,182	9	44,662	6	79,487	11	2280	Current lease liabilities	(Notes 6(j), (u) and 7)	3,200	-	3,779	-	3,736	-
1180	Accounts receivable due from related parties, net	(Notes 6(c) and 7)	4,431	1	52,529	7	5,938	-	2300	Other current liabilities		6,430	1	5,270	1	5,813	1
1200	Other receivables	(Notes 6(d) and 7)	15,765	2	30,410	4	26,626	4				102,830	16	165,445	23	139,160	18
1220	Current tax assets		297	-	195	-	44	-	<b>Non-current Liabilities:</b>								
130X	Inventories	(Note 6(e))	50,492	8	51,560	7	93,210	13	2570	Deferred tax liabilities		12,881	2	13,156	1	13,156	2
1476	Other current financial assets	(Notes 6(i) and 8)	47,616	7	40,909	6	39,144	5	2580	Non-current lease liabilities	(Notes 6(j), (u) and 7)	7,767	1	4,285	1	7,305	1
1479	Other current assets, others		15,914	3	8,414	1	14,523	2	2640	Net defined benefit liability, non-current	(Note 6(k))	16,199	2	17,779	2	19,028	2
			450,944	70	526,547	73	584,571	77	2670	Other non-current liabilities, others		4,642	1	4,249	1	5,737	1
												41,489	6	39,469	5	45,226	6
												144,319	22	204,914	28	184,386	24
<b>Non-current Assets:</b>																	
1517	Non-current financial assets at fair value through other comprehensive income	(Note 6(b))	37,492	6	35,359	5	7,454	1	<b>Equity Attributable to Owners of Parent:</b>		(Note 6(m))						
1600	Property, plant and equipment	(Note 6(f))	122,617	19	125,077	18	126,499	17	3100	Capital stock		623,663	97	623,663	86	623,663	83
1755	Right-of-use assets	(Note 6(g))	11,818	2	9,103	1	12,508	2	3200	Capital surplus		82,159	13	82,159	11	100,180	13
1780	Intangible assets	(Note 6(h))	8,518	1	8,658	1	9,235	1	3300	Retained earnings		(90,248)	(14)	(70,112)	(9)	(40,036)	(5)
1840	Deferred tax assets		3,189	-	3,189	-	3,189	-	3400	Other equity		(114,641)	(18)	(118,493)	(16)	(111,691)	(15)
1980	Other non-current financial assets	(Notes 6(i) and 8)	10,674	2	14,198	2	13,046	2	<b>Total Equity</b>			500,933	78	517,217	72	572,116	76
<b>Non-current Assets sub</b>			194,308	30	195,584	27	171,931	23									
<b>Total Assets</b>			<b>\$ 645,252</b>	<b>100</b>	<b>722,131</b>	<b>100</b>	<b>756,502</b>	<b>100</b>	<b>Total Liabilities and Equity</b>			<b>\$ 645,252</b>	<b>100</b>	<b>722,131</b>	<b>100</b>	<b>756,502</b>	<b>100</b>

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 Comprehensive Income**

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		For the three months ended March 31,				
		2024		2023		
		Amount	%	Amount	%	
4000	Operating revenue	(Notes 6(o) and 7)	\$ 103,174	100	152,502	100
5000	Operating costs	(Note 6(e))	(84,729)	(82)	(133,143)	(87)
	<b>Gross profit from operations</b>		<b>18,445</b>	<b>18</b>	<b>19,359</b>	<b>13</b>
	<b>Operating expenses:</b>					
6100	Selling expenses		(10,646)	(10)	(15,622)	(10)
6200	Administrative expenses		(11,129)	(11)	(10,815)	(7)
6300	Research and development expenses		(17,915)	(17)	(16,341)	(11)
6450	Expected credit loss		(6,765)	(7)	(1,050)	(1)
	<b>Total operating expenses</b>		<b>(46,455)</b>	<b>(45)</b>	<b>(43,828)</b>	<b>(29)</b>
	<b>Net operating loss</b>		<b>(28,010)</b>	<b>(27)</b>	<b>(24,469)</b>	<b>(16)</b>
	<b>Non-operating income and expenses:</b>	(Note 6(q))				
7100	Interest income		1,580	1	1,183	1
7010	Other income		2,095	2	2,030	1
7020	Other gains and losses		4,362	4	(563)	-
7050	Finance costs		(163)	-	(196)	-
	<b>Total non-operating income and expenses</b>		<b>7,874</b>	<b>7</b>	<b>2,454</b>	<b>2</b>
7900	Loss from continuing operations before tax		(20,136)	(20)	(22,015)	(14)
7950	Less: Income tax expenses	(Note 6(l))	-	-	-	-
	<b>Loss</b>		<b>(20,136)</b>	<b>(20)</b>	<b>(22,015)</b>	<b>(14)</b>
	<b>Other comprehensive income (loss):</b>					
8310	<b>Items that may not be reclassified subsequently to profit or loss</b>					
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		1,877	2	1,486	1
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	-	-
	<b>Total items that may not be reclassified subsequently to profit or loss</b>		<b>1,877</b>	<b>2</b>	<b>1,486</b>	<b>1</b>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>					
8361	Exchange differences on translation of foreign financial statements		1,700	2	681	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss		(275)	-	-	-
	<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>1,975</b>	<b>2</b>	<b>681</b>	<b>-</b>
	<b>Other comprehensive income (loss), net of income tax</b>		<b>3,852</b>	<b>4</b>	<b>2,167</b>	<b>1</b>
8500	<b>Total comprehensive income (loss)</b>		<b>\$ (16,284)</b>	<b>(16)</b>	<b>(19,848)</b>	<b>(13)</b>
	<b>Earnings per share</b>	(Note 6(n))				
9750	Basic/ Diluted earnings (losses) per share (NT dollars)		<b>\$ (0.32)</b>		<b>(0.35)</b>	

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Changes in Equity**

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent							Total Equity
	Capital Stock		Retained Earnings			Other Equity		
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings (Accumulated Deficit)	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Income (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income	
<b>Balance at January 1, 2023</b>	\$ 623,663	100,180	6,090	54,807	(78,918)	48,864	(162,722)	591,964
Net loss for the period	-	-	-	-	(22,015)	-	-	(22,015)
Other comprehensive income (loss) for the period	-	-	-	-	-	681	1,486	2,167
Total comprehensive income (loss) for the period	-	-	-	-	(22,015)	681	1,486	(19,848)
<b>Balance at March 31, 2023</b>	<b>\$ 623,663</b>	<b>100,180</b>	<b>6,090</b>	<b>54,807</b>	<b>(100,933)</b>	<b>49,545</b>	<b>(161,236)</b>	<b>572,116</b>
<b>Balance at January 1, 2024</b>	\$ 623,663	82,159	-	-	(70,112)	44,501	(162,994)	517,217
Net loss for the period	-	-	-	-	(20,136)	-	-	(20,136)
Other comprehensive income (loss) for the period	-	-	-	-	-	1,975	1,877	3,852
Total comprehensive income (loss) for the period	-	-	-	-	(20,136)	1,975	1,877	(16,284)
<b>Balance at March 31, 2024</b>	<b>\$ 623,663</b>	<b>82,159</b>	<b>-</b>	<b>-</b>	<b>(90,248)</b>	<b>46,476</b>	<b>(161,117)</b>	<b>500,933</b>

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Cash Flows**

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2024	2023
<b>Cash flows from (used in) operating activities:</b>		
Loss before income tax	\$ (20,136)	(22,015)
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	3,656	3,800
Amortization expense	832	1,237
Expected credit loss	6,765	1,050
Interest expense	163	196
Interest income	(1,580)	(1,183)
Others	(53)	-
<b>Total adjustments to reconcile profit (loss)</b>	<b>9,783</b>	<b>5,100</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Contract assets	130	80
Notes receivable	(1,145)	(3,738)
Accounts receivable	35,831	(25,905)
Other receivables	8,654	1,294
Inventories	1,076	(1,610)
Other current assets	(7,355)	(5,547)
<b>Total changes in operating assets</b>	<b>37,191</b>	<b>(35,426)</b>
<b>Changes in operating liabilities:</b>		
Contract liabilities	(1,312)	1,110
Accounts payable	(44,964)	(819)
Other payables	(11,940)	(15,256)
Other current liabilities	1,137	(1,900)
Net defined benefit liability	(1,580)	(4,180)
<b>Total changes in operating liabilities</b>	<b>(58,659)</b>	<b>(21,045)</b>
<b>Total changes in operating assets and liabilities</b>	<b>(21,468)</b>	<b>(56,471)</b>
<b>Total adjustments</b>	<b>(11,685)</b>	<b>(51,371)</b>
Cash outflow generated used in operations	(31,821)	(73,386)
Interest received	1,551	1,235
Interest paid	(163)	(196)
Income taxes paid	(102)	(4)
<b>Net cash flows used in operating activities</b>	<b>(30,535)</b>	<b>(72,351)</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(5,051)	(30)
Acquisition of intangible assets	(692)	(660)
(Increase) decrease in other financial assets	(2,524)	984
<b>Net cash flows from (used in) investing activities</b>	<b>(8,267)</b>	<b>294</b>
<b>Cash flows from (used in) financing activities:</b>		
Payment of lease liabilities	(964)	(1,114)
Increase in other non-current liabilities	376	3,219
<b>Net cash flows from (used in) financing activities</b>	<b>(588)</b>	<b>2,105</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>775</b>	<b>295</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(38,615)</b>	<b>(69,657)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>292,614</b>	<b>390,986</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 253,999</b>	<b>321,329</b>

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**  
**March 31, 2024 and 2023**

(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, Ln. 258, Ruiguang Rd., Neihu Dist., Taipei City 114062, 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 enterprise 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 May 13, 2024.

**(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, 2024.

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

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

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

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

<b>Standards or Interpretations</b>	<b>Content of Amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>·A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’ s main business activities.</li> <li>·Management performance measures (MPMs): the new standard introduces a definition for management performance measures and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>·Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. 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.

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
**Notes to the 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 Material 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 material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2023.

**(b) Basis of consolidation**

**1. List of subsidiaries in the consolidated financial statements**

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

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Inventec Besta (BVI) Co., Ltd.	Investment management	100%	100%	100%	(Note 1)
"	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%	(Note 1 and 2)
"	Besta Digital Technology Co., Ltd.	Sale of electronic dictionaries and PDA- related products	100%	100%	100%	

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

Note 2: 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.**

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

(c) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(d) Income taxes

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

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

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

(e) Employee benefits

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

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
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**(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 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, 2023.

**(6) Explanation to Significant Accounts**

(a) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand	\$ 647	660	286
Demand deposits	36,320	56,767	33,867
Foreign currency deposits	33,229	41,771	40,936
Cash equivalents - Time deposits	141,207	158,045	226,108
Cash equivalents - Bonds	42,596	35,371	20,132
Total	<u>\$ 253,999</u>	<u>292,614</u>	<u>321,329</u>

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Equity instruments at fair value through other comprehensive income:			
Stocks not listed on markets	<u>\$ 37,492</u>	<u>35,359</u>	<u>7,454</u>

As of March 31, 2024 and 2023, the balance of accumulate unrealized evaluation losses amounted to \$155,400.

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The Group holds 9% of common shares of Anhui Raise Victa Technology Co., Ltd, and invests the amount of CNY 3,000. The main operating activities of Anhui Raise Victa Technology Co., Ltd, are intelligent voice product development. As of March 31, 2024 and 2023, the balance of accumulate unrealized evaluation losses amounted to \$7,259 and \$5,836, respectively.

The Group holds 0.73% of common shares of HUSHAN Autoparts Inc. and invests the amount of \$30,000 in 2023. The main operating activities of HUSHAN Autoparts Inc. are manufacture of automobiles and components. The Group management confirms that the Group does not have significant influence over HUSHAN Autoparts Inc.. As of March 31, 2024, the balance of accumulate unrealized evaluation profits amounted to \$1,542.

The Group designated the investments shown above as equity instruments at fair value through other comprehensive income because these equity instruments represent those investments that the Group intends to hold for long-term strategic purposes and not to hold for trading.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the three months ended March 31, 2024 and 2023.

For fair value of financial instrument, please refer to Note 6(r).

The aforesaid financial assets were not pledged as collateral.

(c) Notes and accounts receivable

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Notes receivable	\$ 6,303	5,158	3,738
Accounts receivable	62,623	98,477	92,864
Less: Loss allowance	(2,146)	(1,401)	(7,530)
	<b>\$ 66,780</b>	<b>102,234</b>	<b>89,072</b>

The Group applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for notes and accounts receivables as of March 31, 2024, December 31, 2023 and March 31, 2023. 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:

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
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	<b>March 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Not past due	\$ 62,096	0.00%~5.00%	1,513
Less than 30 days past due	3,507	2.15%~15.75%	171
31 to 90 days past due	138	23.76%~43.20%	34
More than 91 days past due	3,185	71.19%~100.00%	428
	<b>\$ 68,926</b>		<b>2,146</b>

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Not past due	\$ 97,860	0.00%~3.02%	1,204
Less than 30 days past due	5,743	2.23%~15.82%	188
31 to 90 days past due	32	2.23%~30.15%	9
	<b>\$ 103,635</b>		<b>1,401</b>

	<b>March 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Not past due	\$ 81,705	0.00%~3.01%	2,037
Less than 30 days past due	7,122	4.73%~16.02%	297
31 to 90 days past due	2,026	21.64%~44.27%	440
More than 91 days past due	5,749	47.26%~100.00%	4,756
	<b>\$ 96,602</b>		<b>7,530</b>

The movements in the allowance for notes and accounts receivable were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 1,401	5,960
Impairment losses recognized	745	1,570
Balance at March 31	<b>\$ 2,146</b>	<b>7,530</b>

The aforesaid financial assets were not pledged as collateral.

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

(d) Other receivables

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Other receivables	\$ 33,345	41,969	33,968
Less: Loss allowance	(17,580)	(11,559)	(7,342)
	<b>\$ 15,765</b>	<b>30,410</b>	<b>26,626</b>

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 as of March 31, 2024, December 31, 2023 and March 31, 2023. 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 March 31, 2024, December 31, 2023 and March 31, 2023 were determined as follows:

	<b>March 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Not past due	\$ 9,401	0.00%~7.64%	667
Less than 30 days past due	4,410	40.66%	1,793
31 to 90 days past due	6,409	40.97%~100%	2,946
More than 91 days past due	13,125	63.79%~100%	12,174
	<b>\$ 33,345</b>		<b>17,580</b>

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Not past due	\$ 19,448	3.02%~6.30%	1,059
Less than 30 days past due	9,878	37.17%~50.00%	4,393
31 to 90 days past due	8,965	23.84%~50.00%	3,375
More than 91 days past due	3,678	51.93%~100%	2,732
	<b>\$ 41,969</b>		<b>11,559</b>

	<b>March 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Not past due	\$ 17,595	0.00%~6.71%	1,029
Less than 30 days past due	5,008	35.23%	1,764
31 to 90 days past due	6,932	35.34%~35.45%	2,452
More than 91 days past due	4,433	44.80%~100%	2,097
	<b>\$ 33,968</b>		<b>7,342</b>



**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
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The movements in the allowance for other receivables were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 11,559	7,846
Impairment losses recognized (reversed)	6,021	(504)
Balance at March 31	<b>\$ 17,580</b>	<b>7,342</b>

(e) Inventories

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Raw materials and consumables	\$ 16,853	19,786	32,187
Work in process	3,244	2,030	4,076
Finished goods	4,530	4,914	11,200
Merchandise	25,865	24,830	45,747
	<b>\$ 50,492</b>	<b>51,560</b>	<b>93,210</b>

For the three months ended March 31, 2024 and 2023, the components of cost of goods sold were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Cost of goods sold	\$ 85,089	132,990
Gain or loss on inventory valuation and obsolescence	(360)	153
Total	<b>\$ 84,729</b>	<b>133,143</b>

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

As of March 31, 2024, December 31, 2023 and March 31, 2023 the Group's inventories were not pledged as collateral.

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(f) Property, plant, and equipment

The movements in 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, 2024	\$ 60,950	68,367	21,294	69,769	220,380
Additions	-	-	11	-	11
Disposals	-	-	-	(6)	(6)
Effect of movements in exchange rates	-	282	123	30	435
Balance at March 31, 2024	<u>\$ 60,950</u>	<u>68,649</u>	<u>21,428</u>	<u>69,793</u>	<u>220,820</u>
Balance at January 1, 2023	\$ 60,950	68,633	22,033	64,056	215,672
Additions	-	-	20	146	166
Effect of movements in exchange rates	-	106	46	12	164
Balance at March 31, 2023	<u>\$ 60,950</u>	<u>68,739</u>	<u>22,099</u>	<u>64,214</u>	<u>216,002</u>
Depreciation and impairment losses:					
Balance at January 1, 2024	\$ -	21,765	20,863	52,675	95,303
Depreciation for the period	-	337	75	2,181	2,593
Disposals	-	-	-	(6)	(6)
Effect of movements in exchange rates	-	162	123	28	313
Balance at March 31, 2024	<u>\$ -</u>	<u>22,264</u>	<u>21,061</u>	<u>54,878</u>	<u>98,203</u>
Balance at January 1, 2023	\$ -	20,565	21,488	44,661	86,714
Depreciation for the period	-	338	78	2,258	2,674
Effect of movements in exchange rates	-	59	46	10	115
Balance at March 31, 2023	<u>\$ -</u>	<u>20,962</u>	<u>21,612</u>	<u>46,929</u>	<u>89,503</u>
Carrying amounts:					
Balance at January 1, 2024	<u>\$ 60,950</u>	<u>46,602</u>	<u>431</u>	<u>17,094</u>	<u>125,077</u>
Balance at March 31, 2024	<u>\$ 60,950</u>	<u>46,385</u>	<u>367</u>	<u>14,915</u>	<u>122,617</u>
Balance at January 1, 2023	<u>\$ 60,950</u>	<u>48,068</u>	<u>545</u>	<u>19,395</u>	<u>128,958</u>
Balance at March 31, 2023	<u>\$ 60,950</u>	<u>47,777</u>	<u>487</u>	<u>17,285</u>	<u>126,499</u>

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

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(g) Right-of-use assets

The movements in the cost and depreciation of the leased buildings, machinery and equipment of the Group were as follows:

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2024	\$ 23,462	1,593	25,055
Additions	6,553	-	6,553
Disposals	(7,762)	-	(7,762)
Effect of movements in exchange rates	79	-	79
Balance at March 31, 2024	<u>\$ 22,332</u>	<u>1,593</u>	<u>23,925</u>
Balance at January 1, 2023	\$ 23,554	1,593	25,147
Effect of movements in exchange rates	37	-	37
Balance at March 31, 2023	<u>\$ 23,591</u>	<u>1,593</u>	<u>25,184</u>
Accumulated depreciation:			
Balance at January 1, 2024	\$ 15,373	579	15,952
Depreciation for the period	918	145	1,063
Disposals	(4,924)	-	(4,924)
Effect of movements in exchange rates	16	-	16
Balance at March 31, 2024	<u>\$ 11,383</u>	<u>724</u>	<u>12,107</u>
Balance at January 1, 2023	\$ 11,523	-	11,523
Depreciation for the period	982	145	1,127
Effect of movements in exchange rates	26	-	26
Balance at March 31, 2023	<u>\$ 12,531</u>	<u>145</u>	<u>12,676</u>
Carrying amounts:			
Balance at January 1, 2024	<u>\$ 8,089</u>	<u>1,014</u>	<u>9,103</u>
Balance at March 31, 2024	<u>\$ 10,949</u>	<u>869</u>	<u>11,818</u>
Balance at January 1, 2023	<u>\$ 12,031</u>	<u>1,593</u>	<u>13,624</u>
Balance at March 31, 2023	<u>\$ 11,060</u>	<u>1,448</u>	<u>12,508</u>

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(h) Intangible assets

	Trademark	Royalties	Other intangible assets	Total
Carrying amounts:				
Balance at January 1, 2024	\$ 6,312	1,650	696	8,658
Balance at March 31, 2024	\$ 6,312	1,553	653	8,518
Balance at January 1, 2023	\$ 6,312	2,707	886	9,905
Balance at March 31, 2023	\$ 6,312	2,237	686	9,235

There were no significant additions, impairment, or reversal in Intangible assets for the three months ended March 31, 2024 and 2023. For other information, please refer to Note 6(h) of the consolidated financial statements for the year ended December 31, 2023.

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 March 31, 2024, December 31, 2023 and March 31, 2023.

(i) Other financial assets

The Group of other financial assets were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits over three months	\$ 33,350	32,486	32,925
Refundable deposits	22,940	20,621	17,265
Pledged time deposits	2,000	2,000	2,000
Total	\$ 58,290	55,107	52,190

As of March 31, 2024, December 31, 2023 and March 31, 2023, 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:

	March 31, 2024	December 31, 2023	March 31, 2023
Current	\$ 3,200	3,779	3,736
Non-current	\$ 7,767	4,285	7,305

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

The amounts recognized in profit or loss were as follows:

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	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest on lease liabilities	\$ 22	72
Expenses relating to short-term leases	\$ 48	53

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

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	\$ 1,034	1,239

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, 2023 and 2022.

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

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Operating costs	\$ 3	6
Selling expenses	11	34
Administrative expenses	38	43
Research and development expenses	16	15
Total	\$ 68	98

The net defined benefit liability amounted to \$16,199, \$17,779 and \$19,028 as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

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2. Defined contribution plans

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Operating costs	\$ 68	59
Selling expenses	308	990
Administrative expenses	211	212
Research and development expenses	450	341
Total	<b>\$ 1,037</b>	<b>1,602</b>

The pension expenses contributed by the foreign entities following the local regulations amounted to \$479 and \$448 for the three months ended March 31, 2024 and 2023, respectively.

(l) Income taxes

1. Income tax expense

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

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Current income tax expense		
Current period	\$ -	-
Income tax expense from continuing operations	\$ -	-

The details of the Group's income tax expenses in other comprehensive income (loss) were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ (275)	-

2. Assessment of tax

The Company's tax returns for the years through 2021 were assessed by the Tax Authority.

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
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(m) Capital and other equity

Except for the following disclosures, there was no significant change for capital and other equity for the three months ended March 31, 2024 and 2023. For the related information, please refer to Note 6(m) of the consolidated financial statements for the year ended December 31, 2023.

1. Capital surplus

The components of the capital surplus were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Share premium from issuance of share capital	<b>\$ 82,159</b>	<b>82,159</b>	<b>100,180</b>

In accordance with the ROC company Act, realized capital surplus can only be reclassified as share capital or distributed as cash dividends 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 March 11, 2024, the Company's Board of Directors resolved to offset the 2023 accumulated deficits. On June 15, 2023, the Company's shareholder's meeting resolved to offset the 2022 accumulated deficits.

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)

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>
Balance at January 1, 2024	\$ 44,501	(162,994)
Exchange differences on foreign operations	1,975	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	1,877
Balance at March 31, 2024	<b>\$ 46,476</b>	<b>(161,117)</b>
Balance at January 1, 2023	\$ 48,864	(162,722)
Exchange differences on foreign operations	681	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	1,486
Balance at March 31, 2023	<b>\$ 49,545</b>	<b>(161,236)</b>

(n) Earnings per share

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

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Loss attributable to ordinary shares holders of the Company (Basic/Diluted)	<b>\$ (20,136)</b>	<b>(22,015)</b>
Weighted-average number of outstanding ordinary shares (Basic/Diluted) (thousand shares)	<b>62,366</b>	<b>62,366</b>
Basic/Diluted losses per share (NT dollars)	<b>\$ (0.32)</b>	<b>(0.35)</b>

The Group did not list the diluted (losses) earnings per share, because the Group incurred net loss after tax for the three months ended March 31, 2024 and 2023, 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

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Primary geographical markets:		
Taiwan	\$ 61,996	78,947
Japan	7,200	41,597
Czech Republic	19,976	13,491
Singapore and Malaysia	10,470	6,098
America and Canada	-	5,187
Other countries	3,532	7,182
	<b>\$ 103,174</b>	<b>152,502</b>
Major products:		
Sales of products	\$ 95,354	139,861
Rendering of services	7,820	12,641
	<b>\$ 103,174</b>	<b>152,502</b>

2. Contract balances

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Notes and accounts receivable	\$ 68,926	103,635	96,602
Less: Loss allowance	(2,146)	(1,401)	(7,530)
Total	<b>\$ 66,780</b>	<b>102,234</b>	<b>89,072</b>
Contract assets	\$ 85	216	623
Less: Loss allowance	(4)	(5)	-
Total	<b>\$ 81</b>	<b>211</b>	<b>623</b>
Contract liabilities	<b>\$ 12,870</b>	<b>14,182</b>	<b>13,173</b>

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

The amounts of revenue recognized for the three months ended March 31, 2024 and 2023, that were included in the contract liability balance at the beginning of the period were \$4,001 and \$8,723, respectively.

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
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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 had losses before tax for the three months ended March 31, 2024 and 2023. They are no estimated expenses of employees' and directors' remuneration. The related information can be assessed from the Market Observation Post System on the internet.

(q) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest income		
Bank deposits	\$ 1,239	1,152
Others	341	31
	<b>\$ 1,580</b>	<b>1,183</b>

2. Other income

The details of other income were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Rental income	\$ 2,085	1,990
Others	10	40
	<b>\$ 2,095</b>	<b>2,030</b>

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3. Other gains and losses

The details of other gains and losses were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Foreign exchange gains (losses)	\$ 4,626	(429)
Others	(317)	(134)
Profit from lease modification	53	-
	<b>\$ 4,362</b>	<b>(563)</b>

4. Finance costs

The details of finance costs were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest expenses		
Bank borrowings	\$ 141	124
Others	22	72
	<b>\$ 163</b>	<b>196</b>

(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, 2023.

1. Credit risk

(1) Receivables and equity securities of credit risk

For credit risk exposure of notes and accounts receivable, please refer to Note 6(c). Other financial assets at amortized cost includes other receivables. For the details of loss allowance, please refer to Note 6(d).

Equity instruments at fair value through other comprehensive income include stocks not listed on domestic market. For the details of investments and loss allowance, please refer to Note 6(b).

2. Liquidity risk

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

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
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	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
<b>March 31, 2024</b>							
Non-derivative financial liabilities							
Accounts payable	\$ 54,210	54,210	54,210	-	-	-	-
Other payables	26,120	26,120	26,120	-	-	-	-
Lease liabilities	10,967	11,826	1,799	1,591	2,384	5,692	360
Receipts under custody (reported as other current liabilities)	1,634	1,634	1,634	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	4,642	4,642	658	18	1,062	2,904	-
	<b>\$ 97,573</b>	<b>98,432</b>	<b>84,421</b>	<b>1,609</b>	<b>3,446</b>	<b>8,596</b>	<b>360</b>
<b>December 31, 2023</b>							
Non-derivative financial liabilities							
Accounts payable	\$ 99,167	99,167	99,167	-	-	-	-
Other payables	43,047	43,047	43,047	-	-	-	-
Lease liabilities	8,064	8,264	1,831	2,055	1,616	2,762	-
Receipts under custody (reported as other current liabilities)	1,540	1,540	1,540	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	4,249	4,249	1,007	6	919	2,317	-
	<b>\$ 156,067</b>	<b>156,267</b>	<b>146,592</b>	<b>2,061</b>	<b>2,535</b>	<b>5,079</b>	<b>-</b>
<b>March 31, 2023</b>							
Non-derivative financial liabilities							
Accounts payable	\$ 92,152	92,152	92,152	-	-	-	-
Other payables	24,286	24,286	24,286	-	-	-	-
Lease liabilities	11,041	11,383	1,837	2,067	3,505	3,854	120
Receipts under custody (reported as other current liabilities)	1,710	1,710	1,710	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	5,737	5,737	4,041	605	10	1,081	-
	<b>\$ 134,926</b>	<b>135,268</b>	<b>124,026</b>	<b>2,672</b>	<b>3,515</b>	<b>4,935</b>	<b>120</b>

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

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3. Market risk

(1) Currency risk

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

<b>March 31, 2024</b>			
<u>Foreign currency</u>	<u>(In thousands)</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 4,689	USD : TWD 31.9800	149,954
	2	USD : CNY 7.2632	64
CNY	13	CNY : TWD 4.4030	57
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	969	USD : TWD 31.9800	30,989
<b>December 31, 2023</b>			
<u>Foreign currency</u>	<u>(In thousands)</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 4,427	USD : TWD 30.7150	135,975
	8	USD : CNY 7.1132	246
CNY	20	CNY : TWD 4.3180	86
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	658	USD : TWD 30.7150	20,210
<b>March 31, 2023</b>			
<u>Foreign currency</u>	<u>(In thousands)</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 4,806	USD : TWD 30.4400	146,295
	6	USD : CNY 6.8713	183
CNY	11	CNY : TWD 4.4300	49
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	1,264	USD : TWD 30.4400	38,476

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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 March 31, 2024 and 2023, and assumes all other variables factors that remain constant, would have increased or decreased the net loss after tax for the three months ended March 31, 2024 and 2023 by \$595 and \$540, respectively. The analysis is performed on the same basis for both periods.

(2) 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:

	For the three months ended March 31,			
	2024		2023	
	Foreign exchange gains (losses)	Average exchange rate	Foreign exchange gains (losses)	Average exchange rate
TWD	\$ 4,576	1.000	(204)	1.000
CNY	50	4.3605	(225)	4.4140

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. For variable rate of assets and liabilities, the sensitivity analysis assumes are outstanding amount from the reporting date until the maturity.

If the interest rate increases or decreases by 0.5%, the Group's net loss will decrease or increase by \$16 and \$56 for the three months ended March 31, 2024 and 2023, respectively, assuming all other variable factors that remain constant. This is mainly due to the Group's time deposits in variable rate.

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5. Fair value information

(1) 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:

	<b>March 31, 2024</b>				
	<b>Fair Value</b>				
	<b>Book Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value through other comprehensive income</b>					
Unquoted equity instruments measured at fair value	\$ 37,492	-	-	37,492	37,492
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	253,999	-	-	-	-
Notes receivable, accounts receivable and other receivables	82,545	-	-	-	-
Other financial assets	58,290	-	-	-	-
Subtotal	394,834	-	-	-	-
Total	<b>\$ 432,326</b>	<b>-</b>	<b>-</b>	<b>37,492</b>	<b>37,492</b>
<b>Financial liabilities at amortized cost</b>					
Notes payable, accounts payable and other payables	\$ 80,330	-	-	-	-
Lease liabilities	10,967	-	-	-	-
Receipts under custody (reported as other current liabilities)	1,634	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	4,642	-	-	-	-
Total	<b>\$ 97,573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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	<b>December 31, 2023</b>				
	<b>Fair Value</b>				
	<b>Book Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value through other comprehensive income</b>					
Unquoted equity instruments measured at fair value	\$ 35,359	-	-	35,359	35,359
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	292,614	-	-	-	-
Notes receivable, accounts receivable and other receivables	132,644	-	-	-	-
Other financial assets	55,107	-	-	-	-
Subtotal	480,365	-	-	-	-
Total	<b>\$ 515,724</b>	<b>-</b>	<b>-</b>	<b>35,359</b>	<b>35,359</b>
<b>Financial liabilities at amortized cost</b>					
Notes payable, accounts payable and other payables	\$ 142,214	-	-	-	-
Lease liabilities	8,064	-	-	-	-
Receipts under custody (reported as other current liabilities)	1,540	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	4,249	-	-	-	-
Total	<b>\$ 156,067</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



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	March 31, 2023				
	Fair Value				
	Book Value	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through other comprehensive income</b>					
Unquoted equity instruments measured at fair value	\$ 7,454	-	-	7,454	7,454
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	321,329	-	-	-	-
Notes receivable, accounts receivable and other receivables	115,698	-	-	-	-
Other financial assets	52,190	-	-	-	-
Subtotal	489,217	-	-	-	-
Total	<u>\$ 496,671</u>	<u>-</u>	<u>-</u>	<u>7,454</u>	<u>7,454</u>
<b>Financial liabilities at amortized cost</b>					
Notes payable, accounts payable and other payables	\$ 116,438	-	-	-	-
Lease liabilities	11,041	-	-	-	-
Receipts under custody (reported as other current liabilities)	1,710	-	-	-	-
Guarantee deposits received (reported as other non-current liabilities)	5,737	-	-	-	-
Total	<u>\$ 134,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

(2.1) Non-derivative financial instruments

The fair value of financial instruments is evaluated by using the valuation technique or prices 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.

## INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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.

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.

Financial instruments traded in active markets are based on quoted market prices. A quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity and debt instruments, as it is a quoted price in an active 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.

#### (3) Reconciliation of level 3 fair value

	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
<b>Balance as of January 1, 2024</b>	\$ 35,359
Total gains and losses	
Recognized in other comprehensive income	1,877
Effect of movements in exchange rate	256
<b>Balance as of March 31, 2024</b>	<b>\$ 37,492</b>
<b>Balance as of January 1, 2023</b>	\$ 5,871
Total gains and losses	
Recognized in other comprehensive income	1,486
Effect of movements in exchange rate	97
<b>Balance as of March 31, 2023</b>	<b>\$ 7,454</b>

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For the three months ended March 31, 2024 and 2023, total gains and losses included in “unrealized gains and losses from equity instruments at fair value through other comprehensive income” were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Total gains and losses recognized		
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	<b>\$ 1,877</b>	<b>1,486</b>

- (4) 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 instruments 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 instruments without an active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation Technique</b>	<b>Significant Non- observable Input</b>	<b>The Relationship between Significant Non-observable Input and Fair Value</b>
Financial assets at fair value through other comprehensive income - investment in equity instruments without an active market	Comparable listed companies’ method	·Multiplier of price-to-book ratio (As of March 31, 2024, December 31, 2023 and March 31, 2023 were 2.19~4.47, 1.88~4.43 and 3.17~5.82) ·Market illiquidity discount (As of March 31, 2024, December 31, 2023 and March 31, 2023 were all 15%~20%)	·The higher the price-book ratio multiple and the premium of control, the higher the fair value. ·The higher the illiquidity discount rate, the lower the fair value.

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

The Group’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:

				<b>Impact of Fair Value Change on Other Comprehensive Income or Loss</b>	
		<b>Input</b>	<b>Variation</b>	<b>Favorable Change</b>	<b>Unfavorable Change</b>
<b>March 31, 2024</b>					
Financial assets at fair value through other comprehensive income					
Investment in equity instruments without an active market	Multiplier of price-to-book ratio	5%	\$ 1,874	(1,874)	
Investment in equity instruments without an active market	Market illiquidity discount	5%	2,343	(2,343)	
			<b>\$ 4,217</b>	<b>(4,217)</b>	
<b>December 31, 2023</b>					
Financial assets at fair value through other comprehensive income					
Investment in equity instruments without an active market	Multiplier of price-to-book ratio	5%	\$ 1,559	(1,559)	
Investment in equity instruments without an active market	Market illiquidity discount	5%	1,999	(1,999)	
			<b>\$ 3,558</b>	<b>(3,558)</b>	
<b>March 31, 2023</b>					
Financial assets at fair value through other comprehensive income					
Investment in equity instruments without an active market	Multiplier of price-to-book ratio	5%	\$ 372	(372)	
Investment in equity instruments without an active market	Market illiquidity discount	5%	465	(465)	
			<b>\$ 837</b>	<b>(837)</b>	

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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(s) of the consolidated financial statements for the year ended December 31, 2023.

(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, 2023. 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, 2023. For other information about the capital management, please refer to Note 6(t) of the consolidated financial statements for the year ended December 31, 2023.

(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 three months ended March 31, 2024 and 2023 were as follow:

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows	Non-cash changes		March 31, 2024
			Other	Foreign exchange movement	
Lease liabilities	\$ 8,064	(964)	3,806	61	10,967
Total liabilities from financing activities	<b>\$ 8,064</b>	<b>(964)</b>	<b>3,806</b>	<b>61</b>	<b>10,967</b>

	January 1, 2023	Cash flows	Non-cash changes		March 31, 2023
			Other	Foreign exchange movement	
Lease liabilities	\$ 12,144	(1,114)	-	11	11,041
Total liabilities from financing activities	<b>\$ 12,144</b>	<b>(1,114)</b>	<b>-</b>	<b>11</b>	<b>11,041</b>

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**(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:

Name of related party	Relationship with the Group
Inventec Corporation	The entity with significant influence over the Group
Inventec Appliances Corp.	Other related parties
Inventec (Pudong) Technology Corp.	"
SQ Technology (Shanghai) Corporation	"

(b) 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 March 31,	
	2024	2023
Associates	\$ 3,696	8,790
Other related parties	723	297
	<b>\$ 4,419</b>	<b>9,087</b>

Prices for the sales above were negotiated, there is no other customers as comparison for the above sales. The collection terms are within 30 to 90 days after arrival.

2. Purchase

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

	For the three months ended March 31,	
	2024	2023
Associates	\$ 15	-
Other related parties	457	-
	<b>\$ 472</b>	<b>-</b>

Prices for the purchases above were negotiated, there is no other vendor as comparison for the above purchases. The payment term is under conditions of purchase.

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3. Receivables from related parties

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

<b>Financial statement account</b>	<b>Related party categories</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Accounts receivable	Inventec Corporation	\$ 3,672	52,419	4,249
"	Other related parties	759	110	1,689
Other receivables	Other related parties	-	-	37
		<b>\$ 4,431</b>	<b>52,529</b>	<b>5,975</b>

4. Payables to related parties

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

<b>Financial statement account</b>	<b>Related party categories</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Accounts payable	Associates	\$ -	71	-
"	Other related parties	-	-	2
Other payables	Associates	9	42	134
		<b>\$ 9</b>	<b>113</b>	<b>136</b>

5. Other expense and income

<b>Financial statement account</b>	<b>Related party categories</b>	<b>For the three months ended March 31,</b>	
		<b>2024</b>	<b>2023</b>
Other expenses	Associates	<b>\$ 47</b>	<b>143</b>
Other income	Other related parties	-	<b>35</b>

6. Others

- (1) The Group received \$46 from its associates for advance payment as of March 31, 2023.
- (2) The Group paid \$461 to its other related parties for prepayment as of December 31, 2023.
- (3) The Group paid \$16 to its associates for prepayment as of December 31, 2023.
- (4) The Group paid \$0, \$77 and \$79 to its other related parties for the refundable deposits as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
- (5) The Group paid \$237 to its associates for the guaranteed notes in deposit as of March 31, 2024, December 31, 2023 and March 31, 2023.

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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 months ended March 31, 2024 and 2023, the Group recognized the amount of \$3 and \$8 as interest expense, respectively. As of March 31, 2024, December 31, 2023 and March 31, 2023, the balance of lease liabilities amounted to \$716, \$1,111 and \$1,933, respectively.

The Group rented an IDC from Inventec Corporation in March 2018 and signed the addendum to lease agreement in 2019 to 2021. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. The total value of the contract was \$18,318. For the three months ended March 31, 2024 and 2023, the Group recognized the amount of \$2 and \$4 as interest expense, respectively. As of March 31, 2024, December 31, 2023 and March 31, 2023, the balance of lease liabilities amounted to \$354, \$472 and \$821, respectively.

The Group rented an office building from Inventec Appliances (XI'AN) Corporation in January 2019. The Group sign a five-years contract that 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 months ended March 31, 2024 and 2023, the Group recognized the amount of \$0 and \$33 as interest expense, respectively. As of March 31, 2024, December 31, 2023 and March 31, 2023, the balance of lease liabilities amounted to \$0, \$657 and \$1,324, respectively. The Group terminated the lease contract from Inventec Appliances (XI'AN) Corporation as of January 31, 2024 and decrease lease liabilities amount of \$803.

(c) Key management personnel compensation

Key management personnel compensation include:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 3,851	3,893
Post-employment benefits	54	54
	<b>\$ 3,905</b>	<b>3,947</b>



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**(8) Pledged Assets**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Other current financial assets	Performance bond	\$ 14,266	8,423	6,219
Other non-current financial assets	Customs duty guarantee, performance bond etc.	10,674	14,198	13,046
		<b>\$ 24,940</b>	<b>22,621</b>	<b>19,265</b>

**(9) Significant Commitments and Contingencies**

(a) Major commitments:

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Notes issued as guarantee	<b>\$ 313,327</b>	<b>313,327</b>	<b>359,059</b>

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
TWD	<b>\$ 1,412</b>	<b>424</b>	<b>1,412</b>
USD	<b>\$ 38</b>	<b>49</b>	<b>53</b>

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Amounts of promised sales with undelivered goods	<b>\$ 90,895</b>	<b>56,126</b>	<b>48,461</b>

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Amount of promised purchase with unreceived goods	<b>\$ 69,824</b>	<b>39,443</b>	<b>15,381</b>

5. As of March 31, 2024, December 31, 2023 and March 31, 2023, the guarantee notes received for stock up and engineering projects amounted to \$7,729, \$5,500 and \$5,500, respectively.

(b) Contingencies: None.

**INVENTEC BESTA CO., LTD. AND SUBSIDIARIES**  
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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  By item	For the three months ended March 31,					
	2024			2023		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	932	24,786	25,718	1,045	25,547	26,592
Labor and health insurance	119	2,006	2,125	112	2,385	2,497
Pension	71	1,513	1,584	65	2,083	2,148
Others	6	1,329	1,335	11	1,394	1,405
Depreciation	1,352	2,304	3,656	2,500	1,300	3,800
Amortization	60	772	832	146	1,091	1,237

(13) **Other Disclosures**

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2024:

- Loans to other parties: None.
- Guarantees and endorsements for other parties: None.
- 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%	-	
"	HUSHAN Autoparts Inc.	-	"	500,000	31,542	0.73 %	31,542	
Besta Digital Technology Co., Ltd.	Anhui Raise Victa Technology Co., Ltd.	Other related parties	"	494,506	5,950	9.00 %	5,950	

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

The following is the information on investees for the three months ended March 31, 2024 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of the investor	Name of investee	Location	Main businesses and products	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	Inventec Besta (BVI) Co., Ltd.	B.V.I.	Investment management	288,170	288,170	9,300,000	100.00%	10,228	(612)	(612)	Subsidiary (Note3)
"	Besta (Cayman) Co., Ltd.	Cayman	"	1,085,688	1,085,688	900,000	100.00%	70,525	(135)	(135)	Subsidiary (Note4)

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.

Note 3: INVENTEC BESTA (BVI) CO., LTD. set the effective date of the capital reduction as of September 26, 2023 and resolved a capital reduction to return capital in cash of \$30,823 to shareholders.

Note 4: INVENTEC BESTA (CAYMAN) CO., LTD. set the effective date of the capital reduction as of September 26, 2023 and resolved a capital reduction to return capital in cash of \$51,554 to shareholders.

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(c) Information on investment in Mainland China:

- i. 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, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024	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	207,870	(2)	196,677	-	-	196,677	(639)	100.00%	(639)	10,149	-
Besta Digital Technology Co., Ltd.	Sale of electronic dictionaries and PDA-related products	383,760	(2)	383,760	-	-	383,760	(147)	100.00%	(147)	70,227	-

ii. Limitation on investment in Mainland China:

Unit : Share

Name of Company	Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Inventec Besta Co., Ltd.	1,614,515	1,614,515	300,560

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 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., iSing Music Technology (Beijing) Co., Ltd. and Besta (Kunshan) Co., Ltd. were liquidated in 2004, 2018 and 2023, respectively, wherein liquidation procedures had been approved by the Investment Commission, MOEA. Since the companies have no capital to be remitted back to their parent companies in Taiwan after the liquidation process, the initial investment of the companies amounting to \$319,800, \$431,730 and \$282,548, 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 was completed on July 10, 2023, wherein the liquidation procedures had been approved by the Investment Commission, MOEA.

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**Notes to the Consolidated Financial Statements**

iii. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the three months ended March 31, 2024, which were eliminated in the preparation of consolidated financial statement: None.

(d) Major shareholders:

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. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and 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 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 months ended March 31, 2024 and 2023, were as follows:

## INVENTEC BESTA CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### For the three months ended March 31, 2024

	<u>Taiwan department</u>	<u>Other department</u>	<u>Adjustment and elimination</u>	<u>Total</u>
<b>Revenue:</b>				
External customers	\$ 101,244	3,107	(1,177)	103,174
Inter-company revenue	-	1,721	(1,721)	-
<b>Total revenue</b>	<u>\$ 101,244</u>	<u>4,828</u>	<u>(2,898)</u>	<u>103,174</u>
<b>Reportable segment profit (loss)</b>	<u>\$ (20,136)</u>	<u>(1,533)</u>	<u>(1,533)</u>	<u>(20,136)</u>

#### For the three months ended March 31, 2023

	<u>Taiwan department</u>	<u>Other department</u>	<u>Adjustment and elimination</u>	<u>Total</u>
<b>Revenue:</b>				
External customers	\$ 148,637	5,524	(1,659)	152,502
Inter-company revenue	-	2,248	(2,248)	-
<b>Total revenue</b>	<u>\$ 148,637</u>	<u>7,772</u>	<u>(3,907)</u>	<u>152,502</u>
<b>Reportable segment profit (loss)</b>	<u>\$ (22,015)</u>	<u>1,111</u>	<u>(1,111)</u>	<u>(22,015)</u>