Stock Code: 8201

# INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report**

**For the Six Months Ended June 30, 2024 and 2023**

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

**Telephone: 886-2-7726-5111**

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

# Table of Contents

## 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 June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three and the six months ended June 30, 2024 and 2023, as well as changes in equity and cash flows for the six months ended June 30, 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 $17,789 thousand and $20,103 thousand, constituting 2.39% and 2.57% of consolidated total assets as of June 30, 2024 and 2023, respectively; total liabilities amounting to $7,254 thousand and $3,764 thousand, constituting 2.84% and 1.64% of consolidated total liabilities as of June 30, 2024 and 2023, respectively; and total comprehensive income (loss) amounting to $(425) thousand, $748 thousand, $(1,037) thousand, $1,741 thousand, constituting 3.29% , (3.62)%, 3.55% and (4.30)% of consolidated total comprehensive income (loss) for the three and the six months ended June 30, 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 June 30, 2024 and 2023, and of its consolidated financial performance for the three and the six months ended June 30, 2024 and 2023, as well as its consolidated cash flows for the six months ended June 30, 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)
Aug 12, 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 ITS SUBSIDIARIES

## Consolidated Balance Sheets

## June 30, 2024, December 31, 2023, and June 30, 2023

## (Expressed in Thousands of New Taiwan Dollars)

| | | | June 30, 2024 | | December 31, 2023 | | June 30, 2023 | |
|---|---|---|---|---|---|---|---|---|
| | **Assets** | | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| | **Current Assets:** | | | | | | | |
| 1100 | Cash and cash equivalents | (Note 6(a)) | $ 288,627 | 39 | 292,614 | 41 | 308,950 | 40 |
| 1140 | Current contract assets | (Note 6(o)) | 261 | - | 211 | - | 401 | - |
| 1150 | Notes receivable, net | (Note 6(c)) | 12,362 | 2 | 5,043 | 1 | 5,802 | - |
| 1170 | Accounts receivable, net | (Note 6(c)) | 97,195 | 13 | 44,662 | 6 | 112,429 | 14 |
| 1180 | Accounts receivable due from related parties, net | (Notes 6(c) and 7) | 2,892 | - | 52,529 | 7 | 38,570 | 5 |
| 1200 | Other receivables | (Notes 6(d) and 7) | 27,866 | 4 | 30,410 | 4 | 38,420 | 5 |
| 1220 | Current tax assets | | 458 | - | 195 | - | 71 | - |
| 130X | Inventories | (Note 6(e)) | 53,796 | 7 | 51,560 | 7 | 62,620 | 8 |
| 1476 | Other current financial assets | (Notes 6(i) and 8) | 52,552 | 7 | 40,909 | 6 | 37,301 | 5 |
| 1479 | Other current assets, others | | 24,204 | 3 | 8,414 | 1 | 7,849 | 1 |
| | | | 560,213 | 75 | 526,547 | 73 | 612,413 | 78 |
| | **Non-currect Assets:** | | | | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income | (Note 6(b)) | 37,041 | 5 | 35,359 | 5 | 6,213 | 1 |
| 1600 | Property, plant and equipment | (Note 6(f)) | 120,442 | 16 | 125,077 | 18 | 123,644 | 16 |
| 1755 | Right-of-use assets | (Note 6(g)) | 10,790 | 2 | 9,103 | 1 | 11,338 | 2 |
| 1780 | Intangible assets | (Note 6(h)) | 8,175 | 1 | 8,658 | 1 | 8,561 | 1 |
| 1840 | Deferred tax assets | | 1,589 | - | 3,189 | - | 3,189 | - |
| 1980 | Other non-current financial assets | (Notes 6(i) and 8) | 5,277 | 1 | 14,198 | 2 | 13,968 | 2 |
| 1990 | Other non-current assets, others | | - | - | - | - | 1,634 | - |
| | | | 183,314 | 25 | 195,584 | 27 | 168,547 | 22 |
| | **Total assets** | | **$ 743,527** | **100** | **722,131** | **100** | **780,960** | **100** |

| | | | June 30, 2024 | | December 31, 2023 | | June 30, 2023 | |
|---|---|---|---|---|---|---|---|---|
| | **Liabilities and Equity** | | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| | **Current Liabilities:** | | | | | | | |
| 2130 | Current contract liabilities | (Note 6(o)) | $ 19,052 | 3 | 14,182 | 2 | 7,212 | 1 |
| 2170 | Notes and accounts payable | (Note 7) | 158,658 | 21 | 99,167 | 14 | 143,154 | 18 |
| 2200 | Other payables | (Note 7) | 28,385 | 4 | 43,047 | 6 | 29,405 | 4 |
| 2280 | Current lease liabilities | (Notes 6(j), (u) and 7) | 2,824 | - | 3,779 | - | 3,735 | - |
| 2300 | Other current liabilities | | 5,587 | 1 | 5,270 | 1 | 4,925 | 1 |
| | | | 214,506 | 29 | 165,445 | 23 | 188,431 | 24 |
| | **Non-current Liabilites:** | | | | | | | |
| 2570 | Deferred tax liabilities | | 13,095 | 2 | 13,156 | 1 | 13,156 | 2 |
| 2580 | Non-current lease liabilities | (Notes 6(j), (u) and 7) | 7,276 | 1 | 4,285 | 1 | 6,289 | 1 |
| 2640 | Net defined benefit liability, non-current | (Note 6(k)) | 15,905 | 2 | 17,779 | 2 | 18,163 | 2 |
| 2670 | Other non-current liabilities, others | | 4,744 | - | 4,249 | 1 | 3,443 | - |
| | | | 41,020 | 5 | 39,469 | 5 | 41,051 | 5 |
| | **Total liabilites** | | 255,526 | 34 | 204,914 | 28 | 229,482 | 29 |
| | **Equity Attributable to Owners of Parent:** | (Note 6(m)) | | | | | | |
| 3100 | Capital stock | | 623,663 | 84 | 623,663 | 86 | 623,663 | 80 |
| 3200 | Capital surplus | | 12,047 | 1 | 82,159 | 11 | 82,159 | 11 |
| 3300 | Retained earnings | | (33,310) | (4) | (70,112) | (9) | (38,717) | (5) |
| 3400 | Other equity | | (114,399) | (15) | (118,493) | (16) | (115,627) | (15) |
| | **Total equity** | | 488,001 | 66 | 517,217 | 72 | 551,478 | 71 |
| | **Total liabilities and equity** | | **$ 743,527** | **100** | **722,131** | **100** | **780,960** | **100** |

**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 Comprehensive Income

**For the three and the six months ended June 30, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

| | | | For the three months ended June 30, | | | | For the six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2024 | | 2023 | | 2024 | | 2023 | |
| | | | Amount | % | Amount | % | Amount | % | Amount | % |
| 4000 | **Operating revenue** | (Notes 6(o) and 7) | $ 143,080 | 100 | 154,691 | 100 | 246,254 | 100 | 307,193 | 100 |
| 5000 | **Operating costs** | (Note 6(e)) | (119,089) | (83) | (134,200) | (87) | (203,818) | (83) | (267,343) | (87) |
| | **Gross profit from operations** | | 23,991 | 17 | 20,491 | 13 | 42,436 | 17 | 39,850 | 13 |
| | **Operating expenses:** | | | | | | | | | |
| 6100 | Selling expenses | | (11,000) | (8) | (15,485) | (10) | (21,646) | (9) | (31,107) | (10) |
| 6200 | Administrative expenses | | (11,061) | (8) | (11,206) | (7) | (22,190) | (9) | (22,021) | (7) |
| 6300 | Research and development expenses | | (17,956) | (13) | (15,389) | (10) | (35,871) | (15) | (31,730) | (10) |
| 6450 | Expected credit loss | | (1,983) | (1) | (852) | (1) | (8,748) | (3) | (1,902) | (1) |
| | **Total operating expenses** | | (42,000) | (30) | (42,932) | (28) | (88,455) | (36) | (86,760) | (28) |
| | **Net operating loss** | | (18,009) | (13) | (22,441) | (15) | (46,019) | (19) | (46,910) | (15) |
| | **Non-operating income and expenses:** | (Note 6(q)) | | | | | | | | |
| 7100 | Interest income | | 1,944 | 1 | 1,634 | 1 | 3,524 | 1 | 2,817 | 1 |
| 7010 | Other income | | 2,188 | 2 | 1,969 | 1 | 4,283 | 2 | 3,999 | 1 |
| 7020 | Other gains and losses | | 2,485 | 2 | 2,298 | 2 | 6,847 | 3 | 1,735 | 1 |
| 7050 | Finance costs | | (182) | - | (162) | - | (345) | - | (358) | - |
| | **Total non-operating income and expenses** | | 6,435 | 5 | 5,739 | 4 | 14,309 | 6 | 8,193 | 3 |
| 7900 | **Loss from continuing operations before tax** | | (11,574) | (8) | (16,702) | (11) | (31,710) | (13) | (38,717) | (12) |
| 7950 | **Less: Income tax expenses** | (Note 6(l)) | 1,600 | 1 | - | - | 1,600 | 1 | - | - |
| | **Loss** | | (13,174) | (9) | (16,702) | (11) | (33,310) | (14) | (38,717) | (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 | | (613) | - | (799) | - | 1,264 | 1 | 687 | - |
| 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** | | (613) | - | (799) | - | 1,264 | 1 | 687 | - |
| 8360 | **Items that may be reclassified subsequently to profit or loss** | | | | | | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | | 1,069 | - | (3,137) | (2) | 2,769 | 1 | (2,456) | (1) |
| 8399 | Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss | | 214 | - | - | - | (61) | - | - | - |
| | **Total items that may be reclassified subsequently to profit or loss** | | 855 | - | (3,137) | (2) | 2,830 | 1 | (2,456) | (1) |
| | **Other comprehensive income (loss), net of income tax** | | 242 | - | (3,936) | (2) | 4,094 | 2 | (1,769) | (1) |
| 8500 | **Total comprehensive income (loss)** | | **$ (12,932)** | **(9)** | **(20,638)** | **(13)** | **(29,216)** | **(12)** | **(40,486)** | **(13)** |
| | **Earnings per share** | (Note 6(n)) | | | | | | | | |
| 9750 | **Basic/ Diluted earnings (losses) per share (NT dollars)** | | | **$ (0.21)** | | **(0.27)** | | **(0.53)** | | **(0.62)** |

**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 Changes in Equity

**For the six months ended June 30, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

| | Equity Attributable to Owners of Parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 | Total Equity |
| **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 | | - | - | - | - | (38,717) | - | - | (38,717) |
| Other comprehensive income (loss) for the period | | - | - | - | - | - | (2,456) | 687 | (1,769) |
| Total comprehensive income (loss) for the period | | - | - | - | - | (38,717) | (2,456) | 687 | (40,486) |
| 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 June 30, 2023** | **$** | **623,663** | **82,159** | **-** | **-** | **(38,717)** | **46,408** | **(162,035)** | **551,478** |
| **Balance at January 1, 2024** | $ | 623,663 | 82,159 | - | - | (70,112) | 44,501 | (162,994) | 517,217 |
| Net loss for the period | | - | - | - | - | (33,310) | - | - | (33,310) |
| Other comprehensive income (loss) for the period | | - | - | - | - | - | 2,830 | 1,264 | 4,094 |
| Total comprehensive income (loss) for the period | | - | - | - | - | (33,310) | 2,830 | 1,264 | (29,216) |
| Capital surplus used to offset accumulated deficits | | - | (70,112) | - | - | 70,112 | - | - | - |
| **Balance at June 30, 2024** | **$** | **623,663** | **12,047** | **-** | **-** | **(33,310)** | **47,331** | **(161,730)** | **488,001** |

**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 six months ended June 30, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

| | For the six months ended June 30, | |
|---|---|---|
| | 2024 | 2023 |
| **Cash flows from (used in) operating activities:** | | |
| **Loss before income tax** | $ (31,710) | (38,717) |
| **Adjustments:** | | |
| **Adjustments to reconcile profit (loss):** | | |
| Depreciation expense | 7,099 | 7,701 |
| Amortization expense | 1,652 | 2,240 |
| Expected credit loss | 8,748 | 1,902 |
| Interest expense | 345 | 358 |
| Interest income | (3,524) | (2,817) |
| Others | (53) | - |
| **Total adjustments to reconcile profit (loss)** | 14,267 | 9,384 |
| **Changes in operating assets and liabilities:** | | |
| **Changes in operating assets:** | | |
| Contract assets | (59) | 292 |
| Notes and accounts receivable | (11,806) | (96,827) |
| Other receivables | (4,942) | (12,181) |
| Inventories | (2,222) | 28,800 |
| Other current assets | (15,644) | 1,125 |
| **Total changes in operating assets** | (34,673) | (78,791) |
| **Changes in operating liabilities:** | | |
| Contract liabilities | 4,870 | (4,851) |
| Notes and accounts payable | 59,485 | 50,284 |
| Other payables | (9,713) | (10,668) |
| Other current liabilities | 280 | (2,764) |
| Net defined benefit liability | (1,874) | (5,045) |
| **Total changes in operating liabilities** | 53,048 | 26,956 |
| **Total changes in operating assets and liabilities** | 18,375 | (51,835) |
| **Total adjustments** | 32,642 | (42,451) |
| Cash inflow (outflow) generated from (used in) operations | 932 | (81,168) |
| Interest received | 3,854 | 2,981 |
| Interest paid | (345) | (358) |
| Income taxes paid | (263) | (31) |
| **Net cash flows from (used in) operating activities** | 4,178 | (78,576) |
| **Cash flows from (used in) investing activities:** | | |
| Acquisition of property, plant and equipment | (5,169) | (176) |
| Acquisition of intangible assets | (1,169) | (989) |
| Other financial assets | (1,641) | 788 |
| Decrease in other non-current assets | - | (860) |
| **Net cash flows used in investing activities** | (7,979) | (1,237) |
| **Cash flows from (used in) financing activities:** | | |
| Payment of lease liabilities | (1,874) | (2,085) |
| Increase in other non-current liabilities | 468 | 942 |
| **Net cash flows used in financing activities** | (1,406) | (1,143) |
| **Effect of exchange rate changes on cash and cash equivalents** | 1,220 | (1,080) |
| **Net decrease in cash and cash equivalents** | (3,987) | (82,036) |
| **Cash and cash equivalents at beginning of period** | 292,614 | 390,986 |
| **Cash and cash equivalents at end of period** | **$ 288,627** | **308,950** |

**See accompanying notes to consolidated financial statements.**

# INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
# June 30, 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 Aug 12, 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 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, 2025, would not have a significant impact on its consolidated financial statements.

·Amendments to IAS 21 "Lack of Exchangeability"

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

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

| Standards or Interpretations | Content of Amendment | Effective date per IASB |
|---|---|---|
| IFRS 18 “Presentation and Disclosure in Financial Statements” | 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.<br>·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.<br>·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.<br>·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. | 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.

·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”

·IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

·Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

·Annual Improvements to IFRS Accounting Standards

## (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:

| | | | Shareholding Ratio | | | |
|---|---|---|---|---|---|---|
| **Name of Investor** | **Name of Subsidiary** | **Principal Business** | **June 30, 2024** | **December 31, 2023** | **June 30, 2023** | **Note** |
| 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.

(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.

## (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

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---|---|---|---|
| Cash on hand | $ 465 | 660 | 256 |
| Demand deposits | 91,874 | 56,767 | 40,866 |
| Foreign currency deposits | 38,211 | 41,771 | 30,950 |
| Cash equivalents - Time deposits | 110,210 | 158,045 | 226,717 |
| Cash equivalents - Bonds | 47,867 | 35,371 | 10,161 |
| Total | **$ 288,627** | **292,614** | **308,950** |

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

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---|---|---|---|
| Equity instruments at fair value through other comprehensive income: | | | |
| Stocks not listed on markets | **$ 37,041** | **35,359** | **6,213** |

As of June 30, 2024 and 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 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 June 30, 2024 and 2023, the balance of accumulate unrealized evaluation losses amounted to $8,331 and $6,635, respectively.

The Group holds 0.73% of common shares of HUSHAN Autoparts Inc. and invests the amount of $30,000 in December 2023. The main operating activities of HUSHAN Autoparts Inc. are manufacture of automobiles and components. As of June 30, 2024, the balance of accumulate unrealized evaluation gains amounted to $2,001.

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 six months ended June 30, 2024 and 2023.

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

The aforesaid financial assets were not pledged as collateral.

(c) Notes and accounts receivable

| | **June 30, 2024** | **December 31, 2023** | **June 30, 2023** |
|---|---|---|---|
| Notes receivable | $ 12,608 | 5,158 | 5,945 |
| Accounts receivable | 102,824 | 98,477 | 157,668 |
| Less: Loss allowance | (2,983) | (1,401) | (6,812) |
| | **$ 112,449** | **102,234** | **156,801** |

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 June 30, 2024, December 31, 2023 and June 30, 2023. For the measurement purpose, notes receivable and accounts receivable are grouped according to common credit risk characteristics that represent the customer’s ability to pay all amounts due under the terms of the contract. Forward looking information, including macroeconomy and related industry information. The loss allowance provision was determined as follows:

| | June 30, 2024 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Weighted-average loss rate** | **Loss allowance provision** |
| Not past due | $ 95,603 | 0.00%~5.00% | 1,962 |
| Less than 30 days past due | 19,710 | 4.71%~15.55% | 930 |
| More than 91 days past due | 119 | 1.95%~100.00% | 91 |
| | **$ 115,432** | | **2,983** |

| | December 31, 2023 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Weighted-average loss rate** | **Loss allowance provision** |
| 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 |
| | **$ 103,635** | | **1,401** |

| | June 30, 2023 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Weighted-average loss rate** | **Loss allowance provision** |
| Not past due | $ 146,849 | 0.00%~3.20% | 2,842 |
| Less than 30 days past due | 9,710 | 2.43%~5.18% | 370 |
| 31 to 90 days past due | 3,715 | 2.43%~43.48% | 261 |
| More than 91 days past due | 3,339 | 100.00% | 3,339 |
| | **$ 163,613** | | **6,812** |

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

| | For the six months ended June 30, | |
|---|---|---|
| | **2024** | **2023** |
| Balance at January 1 | $ 1,401 | 5,960 |
| Impairment losses recognized | 1,582 | 852 |
| Balance at June 30 | **$ 2,983** | **6,812** |

The aforesaid financial assets were not pledged as collateral.

(d) Other receivables

| | | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---|---|---|---|---|
| Other receivables | $ | 46,582 | 41,969 | 47,322 |
| Less: Loss allowance | | (18,716) | (11,559) | (8,902) |
| | **$** | **27,866** | **30,410** | **38,420** |

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 June 30, 2024, December 31, 2023 and June 30, 2023. For the measurement purpose, other receivables are grouped according to common credit risk characteristics that represent the customer's ability to pay all amounts due under the terms of the contract. Forward looking information, including macroeconomy and related industry information. The loss allowance provisions as of June 30, 2024, December 31, 2023 and June 30, 2023 were determined as follows:

| | June 30, 2024 | | | |
|---|---|---|---|---|
| | | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Not past due | $ | 25,524 | 0.00%~8.29% | 2,090 |
| Less than 30 days past due | | 784 | 51.13% | 401 |
| 31 to 90 days past due | | 6,187 | 51.43%~51.56% | 3,186 |
| More than 91 days past due | | 14,087 | 72.50%~100% | 13,039 |
| | **$** | **46,582** | | **18,716** |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| 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 |
| | **$** | **41,969** | | **11,559** |

| | June 30, 2023 | | | |
|---|---|---|---|---|
| | | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Not past due | $ | 36,344 | 0.00%~7.03% | 2,491 |
| Less than 30 days past due | | 4,244 | 42.05% | 1,785 |
| 31 to 90 days past due | | 2,138 | 42.15%~42.28% | 903 |
| More than 91 days past due | | 4,596 | 51.36%~100% | 3,723 |
| | **$** | **47,322** | | **8,902** |

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

| | For the six months ended June 30, | | |
|---|---|---|---|
| | | **2024** | **2023** |
| Balance at January 1 | $ | 11,559 | 7,846 |
| Impairment losses recognized | | 7,157 | 1,056 |
| Balance at June 30 | **$** | **18,716** | **8,902** |

The aforesaid financial assets were not pledged as collateral.

(e) Inventories

| | | **June 30, 2024** | **December 31, 2023** | **June 30, 2023** |
|---|---|---|---|---|
| Raw materials and consumables | $ | 15,127 | 19,786 | 27,258 |
| Work in process | | 3,454 | 2,030 | 6,594 |
| Finished goods | | 4,857 | 4,914 | 6,668 |
| Merchandise | | 30,358 | 24,830 | 22,100 |
| | **$** | **53,796** | **51,560** | **62,620** |

For the three and the six months ended June 30, 2024 and 2023, the components of cost of goods sold were as follows:

| | | **For the three months ended June 30,** | | **For the six months ended June 30,** | |
|---|---|---|---|---|---|
| | | **2024** | **2023** | **2024** | **2023** |
| Cost of goods sold | $ | 115,917 | 133,240 | 201,006 | 266,230 |
| (Gain)Loss on inventory valuation and obsolescence (reversal) | | (489) | 960 | (849) | 1,113 |
| Loss on disposal of scrap | | 3,661 | - | 3,661 | - |
| Total | **$** | **119,089** | **134,200** | **203,818** | **267,343** |

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. The reversal of write-down of inventories was due to the circumstances that previously caused the net realizable value of inventory to be written down below cost no longer exist after inventories disposal and obsolete so that an increase in the net realizable value of inventory presented as deductions of cost of goods sold.

As of June 30, 2024, December 31, 2023 and June 30, 2023 the Group’s inventories were not pledged as collateral.

(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:

| | Land | Building and construction | Machinery and equipment | Other facilities | Total |
|---|---|---|---|---|---|
| Cost or deemed cost: | | | | | |
| Balance at January 1, 2024 | $ 60,950 | 68,367 | 21,294 | 69,769 | 220,380 |
| Additions | - | - | 115 | 14 | 129 |
| Disposals | - | - | (236) | (6) | (242) |
| Effect of movements in exchange rates | - | 461 | 202 | 49 | 712 |
| Balance at June 30, 2024 | **$ 60,950** | **68,828** | **21,375** | **69,826** | **220,979** |
| Balance at January 1, 2023 | $ 60,950 | 68,633 | 22,033 | 64,056 | 215,672 |
| Additions | - | - | 20 | 146 | 166 |
| Reclassification | - | - | - | 147 | 147 |
| Effect of movements in exchange rates | - | (382) | (166) | (40) | (588) |
| Balance at June 30, 2023 | **$ 60,950** | **68,251** | **21,887** | **64,309** | **215,397** |
| Depreciation and impairment losses: | | | | | |
| Balance at January 1, 2024 | $ - | 21,765 | 20,863 | 52,675 | 95,303 |
| Depreciation for the period | - | 675 | 139 | 4,149 | 4,963 |
| Disposals | - | - | (236) | (6) | (242) |
| Effect of movements in exchange rates | - | 265 | 202 | 46 | 513 |
| Balance at June 30, 2024 | $ - | **22,705** | **20,968** | **56,864** | **100,537** |
| Balance at January 1, 2023 | $ - | 20,565 | 21,488 | 44,661 | 86,714 |
| Depreciation for the period | - | 674 | 137 | 4,643 | 5,454 |
| Effect of movements in exchange rates | - | (212) | (166) | (37) | (415) |
| Balance at June 30, 2023 | **$ -** | **21,027** | **21,459** | **49,267** | **91,753** |
| Carrying amounts: | | | | | |
| Balance at January 1, 2024 | **$ 60,950** | **46,602** | **431** | **17,094** | **125,077** |
| Balance at June 30, 2024 | **$ 60,950** | **46,123** | **407** | **12,962** | **120,442** |
| Balance at January 1, 2023 | **$ 60,950** | **48,068** | **545** | **19,395** | **128,958** |
| Balance at June 30, 2023 | **$ 60,950** | **47,224** | **428** | **15,042** | **123,644** |

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

(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:

| | | Buildings | Machinery and equipment | Total |
|---|---|---|---|---|
| Cost: | | | | |
| Balance at January 1, 2024 | $ | 23,462 | 1,593 | 25,055 |
| Additions | | 6,553 | - | 6,553 |
| Reductions | | (7,762) | - | (7,762) |
| Effect of movements in exchange rates | | 127 | - | 127 |
| Balance at June 30, 2024 | **$** | **22,380** | **1,593** | **23,973** |
| Balance at January 1, 2023 | $ | 23,554 | 1,593 | 25,147 |
| Effect of movements in exchange rates | | (133) | - | (133) |
| Balance at June 30, 2023 | **$** | **23,421** | **1,593** | **25,014** |
| Accumulated depreciation: | | | | |
| Balance at January 1, 2024 | $ | 15,373 | 579 | 15,952 |
| Depreciation for the period | | 1,846 | 290 | 2,136 |
| Reductions | | (4,924) | - | (4,924) |
| Effect of movements in exchange rates | | 19 | - | 19 |
| Balance at June 30, 2024 | **$** | **12,314** | **869** | **13,183** |
| Balance at January 1, 2023 | $ | 11,523 | - | 11,523 |
| Depreciation for the period | | 1,957 | 289 | 2,246 |
| Effect of movements in exchange rates | | (93) | - | (93) |
| Balance at June 30, 2023 | **$** | **13,387** | **289** | **13,676** |
| Carrying amounts: | | | | |
| Balance at January 1, 2024 | **$** | **8,089** | **1,014** | **9,103** |
| Balance at June 30, 2024 | **$** | **10,066** | **724** | **10,790** |
| Balance at January 1, 2023 | **$** | **12,031** | **1,593** | **13,624** |
| Balance at June 30, 2023 | **$** | **10,034** | **1,304** | **11,338** |

(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 June 30, 2024 | **$ 6,312** | **1,468** | **395** | **8,175** |
| Balance at January 1, 2023 | **$ 6,312** | **2,707** | **886** | **9,905** |
| Balance at June 30, 2023 | **$ 6,312** | **1,961** | **288** | **8,561** |

There were no significant additions, recognition or reversal of impairment losses on Intangible assets for the six months ended June 30, 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 June 30, 2024, December 31, 2023 and June 30, 2023.

(i) Other financial assets

The other financial assets of the Group were as follows:

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---|---|---|---|
| Time deposits over three months | $ 34,152 | 32,486 | 32,223 |
| Refundable deposits | 21,677 | 20,621 | 17,046 |
| Pledged time deposits | 2,000 | 2,000 | 2,000 |
| Total | **$ 57,829** | **55,107** | **51,269** |

As of June 30, 2024, December 31, 2023 and June 30, 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:

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---|---|---|---|
| Current | **$ 2,824** | **3,779** | **3,735** |
| Non-current | **$ 7,276** | **4,285** | **6,289** |

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 June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Interest on lease liabilities | $ 86 | 51 | 108 | 123 |
| Expenses relating to short-term leases | $ 69 | 70 | 117 | 123 |

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

| | For the six months ended June 30, | |
|---|---|---|
| | **2024** | **2023** |
| Total cash outflow for leases | **$ 2,099** | **2,331** |

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 expenses recognized in profit or loss for the Group were as follows:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Operating costs | $ 2 | 6 | 5 | 12 |
| Selling expenses | 12 | 33 | 23 | 67 |
| Administrative expenses | 39 | 43 | 77 | 86 |
| Research and development expenses | 17 | 16 | 33 | 31 |
| Total | **$ 70** | **98** | **138** | **196** |

   The net defined benefit liability amounted to $15,905, $17,779 and $18,163 as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

2. Defined contribution plans

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Operating costs | $ 61 | 59 | 129 | 118 |
| Selling expenses | 317 | 1,852 | 625 | 2,842 |
| Administrative expenses | 220 | 210 | 431 | 422 |
| Research and development expenses | 1,026 | 393 | 1,476 | 734 |
| Total | **$ 1,624** | **2,514** | **2,661** | **4,116** |

The pension expenses contributed by the foreign entities following the local regulations amounted to $469, $435, $948 and $883 for the three and the six months ended June 30, 2024 and 2023, 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 June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Current income tax expense | | | | |
| Current period | $ - | - | - | - |
| Deferred tax expense | | | | |
| Origination and reversal of temporary differences | 1,600 | - | 1,600 | - |
| Income tax expense from continuing operations | **$ 1,600** | **-** | **1,600** | **-** |

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

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation of foreign financial statements | **$ 214** | **-** | **(61)** | **-** |

2. Assessment of tax

The Company's tax returns for the years through 2021 were assessed and approved 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 six months ended June 30, 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:

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---|---|---|---|
| Share premium from issuance of share capital | $ 12,047 | 82,159 | 82,159 |

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.

The Company's Board of Shareholders' Meeting resolved to offset the 2023 and 2022 accumulated deficits on June 13, 2024 and June 15, 2023, respectively, were as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Accumulated deficits: | | |
| Capital surplus used to offset accumulated deficits | **$ 70,112** | **18,021** |

3. 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, 2024 | $ 44,501 | (162,994) |
| Exchange differences on foreign operations | 2,830 | - |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | - | 1,264 |
| Balance at June 30, 2024 | **$ 47,331** | **(161,730)** |
| Balance at January 1, 2023 | $ 48,864 | (162,722) |
| Exchange differences on foreign operations | (2,456) | - |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | - | 687 |
| Balance at June 30, 2023 | **$ 46,408** | **(162,035)** |

(n) Earnings per share

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

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Loss attributable to ordinary shares holders of the Company (Basic/Diluted) | **$ (13,174)** | **(16,702)** | **(33,310)** | **(38,717)** |
| Weighted-average number of outstanding ordinary shares (Basic/Diluted) (thousand shares) | **62,366** | **62,366** | **62,366** | **62,366** |
| Basic/Diluted losses per share (NT dollars) | **$ (0.21)** | **(0.27)** | **(0.53)** | **(0.62)** |

The Group did not list the diluted (losses) earnings per share, because the Group incurred net loss after tax for the three and the six months ended June 30, 2024 and 2023, which will lead to anti-dilutive effect while calculating potential items form diluted earnings per share.

(o) Revenue from contracts with customers

1. Disaggregation of revenue

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Primary geographical markets: | | | | |
| Taiwan | $ 81,591 | 57,819 | 143,587 | 136,766 |
| Japan | 30,338 | 39,676 | 37,538 | 81,273 |
| Czech Republic | 21,998 | 29,712 | 41,974 | 43,203 |
| America and Canada | - | 15,319 | - | 20,506 |
| Singapore and Malaysia | 6,563 | 7,481 | 17,033 | 13,579 |
| Other countries | 2,590 | 4,684 | 6,122 | 11,866 |
| | **$ 143,080** | **154,691** | **246,254** | **307,193** |
| Major products: | | | | |
| Sales of products | $ 130,906 | 147,175 | 226,260 | 287,036 |
| Rendering of services | 12,174 | 7,516 | 19,994 | 20,157 |
| | **$ 143,080** | **154,691** | **246,254** | **307,193** |

2. Contract balances

| | **June 30, 2024** | **December 31, 2023** | **June 30, 2023** |
|---|---|---|---|
| Notes and accounts receivable | $ 115,432 | 103,635 | 163,613 |
| Less: Loss allowance | (2,983) | (1,401) | (6,812) |
| Total | **$ 112,449** | **102,234** | **156,801** |
| Contract assets | $ 275 | 216 | 411 |
| Less: Loss allowance | (14) | (5) | (10) |
| Total | **$ 261** | **211** | **401** |
| Contract liabilities | **$ 19,052** | **14,182** | **7,212** |

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 and the six months ended June 30, 2024 and 2023, that were included in the contract liability balance at the beginning of the period were $483, $48, $4,484, and $8,771, respectively.

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

(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 six months ended June 30, 2024 and 2023, and thus, the Group was not accrued any remuneration to its employees and directors. The Group had losses before tax for the year ended December 31, 2023 and 2022, and thus, the Group was not accrued any remuneration to its employees and directors. Related information would be available at the Market Observation Post System website.

(q) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Interest income | | | | |
| Bank deposits | $ 1,494 | 1,595 | 2,733 | 2,747 |
| Others | 450 | 39 | 791 | 70 |
| | **$ 1,944** | **1,634** | **3,524** | **2,817** |

2. Other income

The details of other income were as follows:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Rental income | $ 2,105 | 1,968 | 4,190 | 3,958 |
| Others | 83 | 1 | 93 | 41 |
| | **$ 2,188** | **1,969** | **4,283** | **3,999** |

3. Other gains and losses

The details of other gains and losses were as follows:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Foreign exchange gains (losses) | $ 2,589 | 2,423 | 7,215 | 1,994 |
| Others | (104) | (125) | (421) | (259) |
| Profit from lease modification | - | - | 53 | - |
| | **$ 2,485** | **2,298** | **6,847** | **1,735** |

4. Finance costs

The details of finance costs were as follows:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Interest expenses | | | | |
| Bank borrowings | $ 96 | 111 | 237 | 235 |
| Others | 86 | 51 | 108 | 123 |
| | **$ 182** | **162** | **345** | **358** |

(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 instruments 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.

| | Carrying amount | Contractual cash flows | Within 6 months | 6 to 12 months | 1 to 2 years | 2 to 5 years | More than 5 years |
|---|---|---|---|---|---|---|---|
| **June 30, 2024** | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Accounts payable | $ 158,658 | 158,658 | 158,658 | - | - | - | - |
| Other payables | 28,385 | 28,385 | 28,385 | - | - | - | - |
| Lease liabilities | 10,100 | 10,979 | 1,898 | 1,197 | 2,393 | 5,251 | 240 |
| Receipts under custody (reported as other current liabilities) | 1,527 | 1,527 | 1,527 | - | - | - | - |
| Guarantee deposits received (reported as other non-current liabilities) | 4,744 | 4,744 | 1,030 | 937 | 145 | 2,632 | - |
| | **$ 203,414** | **204,293** | **191,498** | **2,134** | **2,538** | **7,883** | **240** |
| **December 31, 2023** | | | | | | | |
| 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 | - |
| | **$ 156,067** | **156,267** | **146,592** | **2,061** | **2,535** | **5,079** | **-** |
| **June 30, 2023** | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Accounts payable | $ 143,154 | 143,154 | 143,154 | - | - | - | - |
| Other payables | 29,405 | 29,405 | 29,405 | - | - | - | - |
| Lease liabilities | 10,024 | 10,431 | 1,829 | 2,052 | 2,860 | 3,570 | 120 |
| Receipts under custody (reported as other current liabilities) | 1,029 | 1,029 | 1,029 | - | - | - | - |
| Guarantee deposits received (reported as other non-current liabilities) | 3,443 | 3,443 | 1,096 | 327 | 919 | 1,101 | - |
| | **$ 187,055** | **187,462** | **176,513** | **2,379** | **3,779** | **4,671** | **120** |

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

(1) Currency risk

The Group's exposure to significant currency risks from its foreign currency denominated financial assets and liabilities were as follows:

| | June 30, 2024 | | | |
|---|---|---|---|---|
| | **Foreign currency (In thousands)** | | **Exchange rate** | **TWD** |
| Financial assets | | | | |
| Monetary items | | | | |
| USD | $ | 6,212 | USD：TWD 32.5600 | 202,263 |
| | | 27 | USD：CNY 7.3054 | 879 |
| CNY | | 15 | CNY：TWD 4.4570 | 67 |
| Financial liabilities | | | | |
| Monetary items | | | | |
| USD | | 2,495 | USD：TWD 32.5600 | 81,237 |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | **Foreign currency (In thousands)** | | **Exchange rate** | **TWD** |
| Financial assets | | | | |
| Monetary items | | | | |
| USD | $ | 4,427 | USD：TWD 30.7150 | 135,975 |
| | | 8 | USD：CNY 7.1132 | 246 |
| CNY | | 20 | CNY：TWD 4.3180 | 86 |
| Financial liabilities | | | | |
| Monetary items | | | | |
| USD | | 658 | USD：TWD 30.7150 | 20,210 |

| | June 30, 2023 | | | |
|---|---|---|---|---|
| | **Foreign currency (In thousands)** | | **Exchange rate** | **TWD** |
| Financial assets | | | | |
| Monetary items | | | | |
| USD | $ | 6,341 | USD：TWD 31.1000 | 197,205 |
| | | 23 | USD：CNY 7.2613 | 715 |
| CNY | | 11 | CNY：TWD 4.2830 | 47 |
| Financial liabilities | | | | |
| Monetary items | | | | |
| USD | | 2,865 | USD：TWD 31.1000 | 89,102 |

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 June 30, 2024 and 2023, and assumes all other variables factors that remain constant, would have increased or decreased the net loss after tax for the six months ended June 30, 2024 and 2023 by $610 and $544, 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 six months ended June 30, | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Foreign exchange gains (losses) | Average exchange rate | Foreign exchange gains (losses) | Average exchange rate |
| TWD | $ 7,110 | 1.000 | 2,107 | 1.000 |
| CNY | 105 | 4.3875 | (113) | 4.3405 |

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 six months ended June 30, 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.

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

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:

| | June 30, 2024 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | **Book Value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets at fair value through other comprehensive income** | | | | | |
| Unquoted equity instruments measured at fair value | $ 37,041 | - | - | 37,041 | 37,041 |
| **Financial assets at amortized cost** | | | | | |
| Cash and cash equivalents | 288,627 | - | - | - | - |
| Notes receivable, accounts receivable and other receivables | 140,315 | - | - | - | - |
| Other financial assets | 57,829 | - | - | - | - |
| Subtotal | 486,771 | - | - | - | - |
| Total | **$ 523,812** | - | - | **37,041** | **37,041** |
| **Financial liabilities at amortized cost** | | | | | |
| Notes payable, accounts payable and other payables | $ 187,043 | - | - | - | - |
| Lease liabilities | 10,100 | - | - | - | - |
| Receipts under custody (reported as other current liabilities) | 1,527 | - | - | - | - |
| Guarantee deposits received (reported as other non-current liabilities) | 4,744 | - | - | - | - |
| Total | **$ 203,414** | - | - | - | - |

| | December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | Book Value | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at fair value through other comprehensive income** | | | | | |
| Unquoted equity instruments measured at fair value | $ 35,359 | - | - | 35,359 | 35,359 |
| **Financial assets at amortized cost** | | | | | |
| Cash and cash equivalents | 292,614 | - | - | - | - |
| Notes receivable, accounts receivable and other receivables | 132,644 | - | - | - | - |
| Other financial assets | 55,107 | - | - | - | - |
| Subtotal | 480,365 | - | - | - | - |
| Total | **$ 515,724** | **-** | **-** | **35,359** | **35,359** |
| **Financial liabilities at amortized cost** | | | | | |
| 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 | **$ 156,067** | - | - | - | - |

| | June 30, 2023 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | Book Value | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at fair value through other comprehensive income** | | | | | |
| Unquoted equity instruments measured at fair value | $ 6,213 | - | - | 6,213 | 6,213 |
| **Financial assets at amortized cost** | | | | | |
| Cash and cash equivalents | 308,950 | - | - | - | - |
| Notes receivable, accounts receivable and other receivables | 195,221 | - | - | - | - |
| Other financial assets | 51,269 | - | - | - | - |
| Subtotal | 555,440 | - | - | - | - |
| Total | **$ 561,653** | - | - | **6,213** | **6,213** |
| **Financial liabilities at amortized cost** | | | | | |
| Notes payable, accounts payable and other payables | $ 172,559 | - | - | - | - |
| Lease liabilities | 10,024 | - | - | - | - |
| Receipts under custody (reported as other current liabilities) | 1,029 | - | - | - | - |
| Guarantee deposits received (reported as other non-current liabilities) | 3,443 | - | - | - | - |
| Total | **$ 187,055** | - | - | - | - |

(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.

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 instruments.

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) Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 of the fair value for the six months ended June 30, 2024 and 2023.

(4) Reconciliation of level 3 fair value

| | Fair value through other comprehensive income |
|---|---|
| | **Unquoted equity instruments** |
| **Balance as of January 1, 2024** | $ 35,359 |
| Total gains and losses | |
| Recognized in other comprehensive income | 1,264 |
| Effect of movements in exchange rate | 418 |
| **Balance as of June 30, 2024** | **$ 37,041** |
| **Balance as of January 1, 2023** | $ 5,871 |
| Total gains and losses | |
| Recognized in other comprehensive income | 687 |
| Effect of movements in exchange rate | (345) |
| **Balance as of June 30, 2023** | **$ 6,213** |

For the six months ended June 30, 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:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Total gains and losses recognized | | | | |
| In other comprehensive income, and presented in "unrealized gains and losses from equity instruments at fair value through other comprehensive income" | **$ (613)** | **(799)** | **1,264** | **687** |

(5) 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:

| Item | Valuation Technique | Significant Non-observable Input | The Relationship between Significant Non-observable Input and Fair Value |
|---|---|---|---|
| Financial assets at fair value through other comprehensive income - investment in equity instruments without an active market | Comparable listed companies' method | ·Multiplier of price-to-book ratio (As of June 30, 2024, December 31, 2023 and June 30, 2023 were 2.22~4.02, 1.88~4.43 and 2.99~5.03)<br>·Market illiquidity discount (As of June 30, 2024, December 31, 2023 and June 30, 2023 were all 15%~20%) | ·The higher the price-book ratio multiple and the premium of control, the higher the fair value.<br>·The higher the illiquidity discount rate, the lower the fair value. |

(6) 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:

| | | | Impact of Fair Value Change on Other Comprehensive Income or Loss | |
|---|---|---|---|---|
| | **Input** | **Variation** | **Favorable Change** | **Unfavorable Change** |
| **June 30, 2024** | | | | |
| Financial assets at fair value through other comprehensive income | | | | |
| Investment in equity instruments without an active market | Multiplier of price-to-book ratio | 5% | $ 1,852 | (1,852) |
| Investment in equity instruments without an active market | Market illiquidity discount | 5% | 2,315 | (2,315) |
| | | | **$ 4,167** | **(4,167)** |
| **December 31, 2023** | | | | |
| 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) |
| | | | **$ 3,558** | **(3,558)** |
| **June 30, 2023** | | | | |
| Financial assets at fair value through other comprehensive income | | | | |
| Investment in equity instruments without an active market | Multiplier of price-to-book ratio | 5% | $ 313 | (313) |
| Investment in equity instruments without an active market | Market illiquidity discount | 5% | 390 | (390) |
| | | | **$ 703** | **(703)** |

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 six months ended June 30, 2024 and 2023 were as follow:

Reconciliations of liabilities arising from financing activities were as follows:

| | | | Non-cash changes | | |
|---|---|---|---|---|---|
| | **January 1, 2024** | **Cash flows** | **Other** | **Foreign exchange movement** | **June 30, 2024** |
| Lease liabilities | $ 8,064 | (1,874) | 3,662 | 248 | 10,100 |
| Total liabilities from financing activities | **$ 8,064** | **(1,874)** | **3,662** | **248** | **10,100** |

| | | | Non-cash changes | | |
|---|---|---|---|---|---|
| | **January 1, 2023** | **Cash flows** | **Other** | **Foreign exchange movement** | **June 30, 2023** |
| Lease liabilities | $ 12,144 | (2,085) | - | (35) | 10,024 |
| Total liabilities from financing activities | **$ 12,144** | **(2,085)** | **-** | **(35)** | **10,024** |

## (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 |
| SQ Technology (Shanghai) Corporation | 〃 |
| AIMobile Co., Ltd. | 〃 |
| Inventec Appliances (XI'AN) Corporation | 〃 |
| Anhui Raise Victa Technology Co., Ltd. | 〃 |
| Inventec (Chongqing) 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 June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Associates | $ 4,831 | 2,911 | 8,527 | 11,701 |
| Other related parties | 50 | 2,485 | 773 | 2,782 |
| | **$ 4,881** | **5,396** | **9,300** | **14,483** |

The sales revenue with associates, that was agency trades, amounted to $41,583 and $32,038, and the net sales amounted to $1,322 and $659 after deducting revenue and costs of $40,261 and $31,379 for the six months ended June 30, 2024 and 2023, respectively.

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

2. Purchase

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

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Associates | $ 315 | - | 330 | - |
| Other related parties | 164 | 149 | 621 | 149 |
| | **$ 479** | **149** | **951** | **149** |

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.

3. Receivables from related parties

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

| Financial statement account | Related party categories | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---|---|---|---|---|
| Accounts receivable | Inventec Corporation | $ 2,839 | 52,419 | 35,956 |
| 〃 | Other related parties | 53 | 110 | 2,614 |
| | | **$ 2,892** | **52,529** | **38,570** |

4. Payables to related parties

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

| Financial statement account | Related party categories | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---|---|---|---|---|
| Accounts payable | Associates | $ 105 | 71 | - |
| 〃 | Other related parties | 173 | - | - |
| Other payables | Associates | 8 | 42 | 2 |

5. Other expense and income

| | | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|---|
| **Financial statement account** | **Related party categories** | **2024** | **2023** | **2024** | **2023** |
| Other expense | Associates | $ 18 | 2 | 65 | 145 |
| Other income | Other related parties | $ - | - | - | 35 |

6. Others

(1) The Group paid $461 to its other related parties for prepayment as of December 31, 2023.

(2) The Group paid $16 to its associates for prepayment as of December 31, 2023.

(3) The Group paid $0, $77 and $76 to its other related parties for the refundable deposits as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

(4) The Group paid $237 to its associates for the guaranteed notes in deposit as of June 30, 2024, December 31, 2023 and June 30, 2023.

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 six months ended June 30, 2024 and 2023, the Group recognized the amount of $4、$7、$7 and $15 as interest expense, respectively. As of June 30, 2024, December 31, 2023 and June 30, 2023, the balance of lease liabilities amounted to $558, $1,111 and $1,660, 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 and the six months ended June 30, 2024 and 2023, the Group recognized the amount of $2、$3、$4 and $7 as interest expense, respectively. As of June 30, 2024, December 31, 2023 and June 30, 2023, the balance of lease liabilities amounted to $237, $472 and $705, 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. For the three and the six months ended June 30, 2024 and 2023, the Group recognized the amount of $0、$15、$0 and $48 as interest expense, respectively. As of June 30, 2024, December 31, 2023 and June 30, 2023, the balance of lease liabilities amounted to $0, $657 and $1,073, 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:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Short-term employee benefits | $ 3,837 | 3,766 | 7,688 | 7,659 |
| Post-employment benefits | 54 | 54 | 108 | 108 |
| | **$ 3,891** | **3,820** | **7,796** | **7,767** |

## (8) Pledged Assets

The carrying values of pledged assets were as follows:

| Pledged assets | Object | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---|---|---|---|---|
| Other current financial assets | Performance bond | $ 18,400 | 8,423 | 5,078 |
| Other non-current financial assets | Customs duty guarantee, performance bond etc. | 5,277 | 14,198 | 13,968 |
| | | **$ 23,677** | **22,621** | **19,046** |

## (9) Significant Commitments and Contingencies

(a) Major commitments:

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

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---|---|---|---|
| Notes issued as guarantee | **$ 313,327** | **313,327** | **311,934** |

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

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---|---|---|---|
| TWD | **$ 1,083** | **424** | **1,083** |
| USD | **$ 51** | **49** | **42** |

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

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---|---|---|---|
| Amounts of promised sales with undelivered goods | **$ 78,638** | **56,126** | **41,108** |

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

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---|---|---|---|
| Amount of promised purchase with unreceived goods | **$ 65,853** | **39,443** | **11,230** |

5. As of June 30, 2024, December 31, 2023 and June 30, 2023, the guarantee notes received for stock up and engineering projects amounted to $10,664, $5,500 and $5,500, respectively.

(b) Contingencies: None.

**(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 June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | 2023 | | |
| | Operating Cost | Operating Expense | Total | Operating Cost | Operating Expense | Total |
| Employee benefits | | | | | | |
| Salary | 844 | 23,669 | 24,513 | 1,085 | 24,539 | 25,624 |
| Labor and health insurance | 108 | 2,258 | 2,366 | 101 | 2,024 | 2,125 |
| Pension | 63 | 2,100 | 2,163 | 65 | 2,982 | 3,047 |
| Others | 8 | 1,525 | 1,533 | 12 | 1,549 | 1,561 |
| Depreciation | 1,351 | 2,092 | 3,443 | 2,622 | 1,279 | 3,901 |
| Amortization | 61 | 759 | 820 | 97 | 906 | 1,003 |

| By function / By item | For the six months ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | 2023 | | |
| | Operating Cost | Operating Expense | Total | Operating Cost | Operating Expense | Total |
| Employee benefits | | | | | | |
| Salary | 1,776 | 48,455 | 50,231 | 2,130 | 50,086 | 52,216 |
| Labor and health insurance | 227 | 4,264 | 4,491 | 213 | 4,409 | 4,622 |
| Pension | 134 | 3,613 | 3,747 | 130 | 5,065 | 5,195 |
| Others | 14 | 2,854 | 2,868 | 23 | 2,943 | 2,966 |
| Depreciation | 2,703 | 4,396 | 7,099 | 5,122 | 2,579 | 7,701 |
| Amortization | 121 | 1,531 | 1,652 | 243 | 1,997 | 2,240 |

**(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 six months ended June 30, 2024:

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% | - | |
| 〃 | HUSHAN Autoparts Inc. | - | 〃 | 500,000 | 32,001 | 0.73 % | 32,001 | |
| Besta Digital Technology Co., Ltd. | Anhui Raise Victa Technology Co., Ltd. | Other related parties | 〃 | 494,506 | 5,040 | 9.00 % | 5,040 | |

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 six months ended June 30, 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% | 9,132 | (1,037) | (1,829) | Subsidiary (The difference is unrealized gross income from operations) |
| 〃 | Besta (Cayman) Co., Ltd. | Cayman | 〃 | 1,085,688 | 1,085,688 | 900,000 | 100.00% | 70,175 | (361) | (361) | Subsidiary |

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

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

(c) Information on investment in Mainland China:

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 June 30, 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 (Xi' An) Co., Ltd. | Design and research of consumer electronic products | 211,640 | (2) | 200,244 | - | - | 200,244 | (1,082) | 100.00% | (1,082) | 9,829 | - |
| Besta Digital Technology Co., Ltd. | Sale of electronic dictionaries and PDA-related products | 390,720 | (2) | 390,720 | - | - | 390,720 | (381) | 100.00% | (381) | 69,869 | - |

ii. Limitation on investment in Mainland China:

Unit：Share

| Name of Company | Accumulated Investment in Mainland China as of June 30, 2024 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|---|---|---|---|
| Inventec Besta Co., Ltd. | 1,643,796 | 1,643,796 | 292,801 |

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 $325,600, $439,560 and $287,672, 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.

iii. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the six months ended June 30, 2024, which were eliminated in the preparation of consolidated financial statement: None.

(d) Major shareholders:

Unit：Share

| **Shareholding** / **Shareholder's Name** | **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 management of the Group has identified the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions, the Taiwan segment shall be a reportable operating segment. The Taiwan segment coordinates the Group's products development, and in charge of sale units in Taiwan region.

(b) Information on the profit and loss, assets and liabilities of the reportable segment and their measurement basis and adjustment

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 six months ended June 30, 2024 and 2023, were as follows:

| | For the three months ended June 30, 2024 | | | |
|---|---|---|---|---|
| | Taiwan department | Other department | Adjustment and elimination | Total |
| **Revenue:** | | | | |
| External customers | $ 142,357 | 2,488 | (1,765) | 143,080 |
| Inter-company revenue | - | 1,495 | (1,495) | - |
| **Total revenue** | **$ 142,357** | **3,983** | **(3,260)** | **143,080** |
| **Reportable segment profit (loss)** | **$ (13,174)** | **(1,327)** | **(1,327)** | **(13,174)** |

| | For the three months ended June 30, 2023 | | | |
|---|---|---|---|---|
| | Taiwan department | Other department | Adjustment and elimination | Total |
| **Revenue:** | | | | |
| External customers | $ 153,683 | 3,489 | (2,481) | 154,691 |
| Inter-company revenue | - | 1,984 | (1,984) | - |
| **Total revenue** | **$ 153,683** | **5,473** | **(4,465)** | **154,691** |
| **Reportable segment profit (loss)** | **$ (16,702)** | **2,843** | **(2,843)** | **(16,702)** |

| | For the six months ended June 30, 2024 | | | |
|---|---|---|---|---|
| | Taiwan department | Other department | Adjustment and elimination | Total |
| **Revenue:** | | | | |
| External customers | $ 243,601 | 5,595 | (2,942) | 246,254 |
| Inter-company revenue | - | 3,216 | (3,216) | - |
| **Total revenue** | **$ 243,601** | **8,811** | **(6,158)** | **246,254** |
| **Reportable segment profit (loss)** | **$ (33,310)** | **(2,860)** | **2,860** | **(33,310)** |

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

| | For the six months ended June 30, 2023 | | | |
|---|---|---|---|---|
| | **Taiwan department** | **Other department** | **Adjustment and elimination** | **Total** |
| **Revenue:** | | | | |
| External customers | $ 302,320 | 9,013 | (4,140) | 307,193 |
| Inter-company revenue | - | 4,232 | (4,232) | - |
| **Total revenue** | **$ 302,320** | **13,245** | **(8,372)** | **307,193** |
| **Reportable segment profit (loss)** | **$ (38,717)** | **3,954** | **(3,954)** | **(38,717)** |