

INVENTEC CORPORATION
PARENT COMPANY ONLY FINANCIAL STATEMENTS
With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Address: No.66, Hougang Street, Shinlin District, Taipei City, Taiwan, R.O.C.
Telephone: 886-2-2881-0721

The independent auditors' report and the accompanying parent company only 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' report and parent company only financial statements, the Chinese version shall prevail.

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安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel	+ 886 2 8101 6666
傳真 Fax	+ 886 2 8101 6667
網址 Web	kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Inventec Corporation:

Opinion

We have audited the financial statements of Inventec Corporation("the Company"), which comprise the balance sheet as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Inventory Valuation

Please refer to Notes (4)(g), (5)(a) and (6)(e) for accounting policies, significant accounting assumptions and judgments, major sources of estimation uncertainty, and related disclosure information for inventory, respectively.

Description of the key audit matter:

The Company's materials may be obsolescence or slow-moving due to the risk of price decline in inventory, the material prepared for designing products and forecast orders may be canceled or changed, or changed on components and quantities. Therefore, the valuation of inventories has been identified as a key audit matter.



How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included assessing the appropriateness of inventories valuation policies; ensuring the process of inventory valuation is in conformity with the accounting policies; inspecting the inventory aging report; recalculating estimation of inventory valuation based on the Company's policies.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wan-Wan Lin and Rou-Lan Kuo.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2023

Notes to Readers

The accompanying parent company only financial statements are intended only to present the 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 audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent company only 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' audit report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION

BALANCE SHEETS

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

ASSETS		December 31, 2022		December 31, 2021		LIABILITIES AND EQUITY		December 31, 2022		December 31, 2021			
		Amount	%	Amount	%			Amount	%	Amount	%		
Current Assets :													
1100	Cash and cash equivalents (Notes (4) and (6)(a))	\$	17,934,207	8	12,188,253	5	2100	Short-term borrowings (Note (6)(l))	\$	21,453,196	9	32,678,217	13
1110	Current financial assets at fair value through profit or loss (Notes (4) and (6)(b))		446,422	-	209,799	-	2120	Current financial liabilities at fair value through profit or loss (Notes (4) and (6)(b))		292,383	-	112,133	-
1120	Current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))		554,557	-	1,521,476	1	2130	Current contract liabilities (Note (6)(s))		11,642,202	5	6,692,362	3
1170	Accounts receivable, net (Notes (4) and (6)(c))		50,146,727	21	68,410,419	28	2170	Accounts payable		32,078,566	13	48,062,057	20
1180	Accounts receivable due from related parties, net (Notes (4), (6)(c) and (7))		29,383,904	12	35,489,138	14	2180	Accounts payable due to related parites, net (Note (7))		78,955,538	33	68,966,168	28
1200	Other receivables, net (Notes (6)(d) and (7))		67,056,985	28	58,209,619	24	2230	Current tax liabilities		1,521,513	1	1,144,254	-
1310	Inventories (Notes (4) and (6)(e))		11,823,036	5	11,354,230	5	2200	Other payables (Note (7))		6,188,727	2	5,495,327	2
1470	Other current assets (Note (6)(k))		917,973	-	723,996	-	2280	Current lease liabilities (Notes (4) and (6)(m))		5,723	-	5,069	-
			178,263,811	74	188,106,930	77	2322	Long-term borrowings, current portion (Note (6)(l))		300,000	-	7,217,500	3
Non-current assets :													
1510	Non-current financial assets at fair value through profit or loss (Notes (4) and (6)(b))		132,622	-	788,955	-	2399	Other current liabilities		11,181,153	5	8,580,885	4
1517	Non-current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))		2,616,524	1	2,151,728	1		Non-current Liabilities :		163,619,001	68	178,953,972	73
1550	Investments accounted for using equity method (Notes (4), (6)(f) and (7))		42,794,216	18	37,875,505	16	2540	Long-term borrowings (Note (6)(l))		10,746,000	5	2,450,000	1
1600	Property, plant and equipment (Notes (4), (6)(h) and (8))		13,108,522	6	13,081,621	5	2580	Non-current lease liabilities (Notes (4) and (6)(m))		3,951	-	3,423	-
1755	Right-of-use assets (Notes (4) and (6)(i))		9,631	-	8,352	-	2640	Net defined benefit liability, non-current (Notes (4) and (6)(o))		478,194	-	589,919	-
1780	Intangible assets (Notes (4) and (6)(j))		162,120	-	155,539	-	2670	Other non-current liabilities, others (Note (6)(f) and (6)(p))		4,741,255	2	4,667,829	2
1900	Other non-current assets (Notes (6)(k), (6)(p) and (8))		2,055,013	1	1,581,217	1				15,969,400	7	7,711,171	3
			60,878,648	26	55,642,917	23		Total Liabilities		179,588,401	75	186,665,143	76
Equity:													
						3110	Ordinary shares (Note (6)(q))		35,874,751	15	35,874,751	15	
						3200	Capital surplus (Note (6)(q))		2,899,927	1	2,899,592	1	
							Retained earnings (Note (6)(q)):						
						3310	Legal reserve		12,747,957	5	12,093,033	5	
						3320	Special reserve		2,714,597	1	1,901,925	1	
						3350	Unappropriated retained earnings		6,764,615	3	7,030,001	3	
						3400	Other equity (Note (6)(q))		(1,447,789)	-	(2,714,598)	(1)	
							Total Equity		59,554,058	25	57,084,704	24	
TOTAL ASSETS		\$	239,142,459	100	243,749,847	100	TOTAL LIABILITIES AND EQUITY		\$	239,142,459	100	243,749,847	100

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
INVENTEC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31,			
		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes (4), (6)(s) and (7))	\$ 452,365,599	100	440,973,660	100
5000	Operating costs (Notes (6)(e) and (7))	434,629,894	96	427,814,434	97
	Gross profit from operations	17,735,705	4	13,159,226	3
5910	Less: Unrealized profit (loss) from sales (Note (7))	22,319	-	17,394	-
5920	Add: Realized profit (loss) from sales (Note (7))	17,394	-	11,807	-
		17,730,780	4	13,153,639	3
	Operating expenses (Notes (6)(c), (d), (t) and (7)):				
6100	Selling expenses	2,144,210	-	2,062,040	1
6200	Administrative expenses	1,887,769	-	1,815,954	-
6300	Research and development expenses	7,176,225	2	6,430,989	1
6450	Impairment losses (impairment gains and reversal of impairment losses) determined in accordance with IFRS 9	(10,318)	-	74,291	-
		11,197,886	2	10,383,274	2
	Net operating income	6,532,894	2	2,770,365	1
	Non-operating income and expenses (Notes (6)(f), (6)(u) and (7)):				
7100	Interest income	176,060	-	10,466	-
7010	Other income	63,894	-	154,191	-
7020	Other gains and losses	1,959,579	-	100,515	-
7050	Finance costs	(1,609,256)	-	(423,852)	-
7070	Share of (loss) profit of subsidiaries, associates and joint ventures accounted for using equity method	(114,293)	-	5,088,208	1
		475,984	-	4,929,528	1
7900	Profit before tax	7,008,878	2	7,699,893	2
7950	Less: Income tax expenses (Notes (4) and (6)(p))	880,092	-	1,162,128	-
8200	Profit	6,128,786	2	6,537,765	2
	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	59,282	-	16,050	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(802,122)	-	15,162	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(412,858)	-	(259,598)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	11,856	-	3,210	-
		(1,167,554)	-	(231,596)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	286,241	-	(52,317)	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	2,244,011	-	(517,286)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		2,530,252	-	(569,603)	-
	Other comprehensive income (loss), net of income tax	1,362,698	-	(801,199)	-
8500	Total comprehensive income	\$ 7,491,484	2	5,736,566	2
	Earnings per share (Notes (4) and (6)(r))				
9750	Basic earnings per share (NT dollars)	\$ 1.71		1.82	
9850	Diluted earnings per share (NT dollars)	\$ 1.70		1.81	

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(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

INVENTEC CORPORATION

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained Earnings			Other Equity		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total Equity
Balance at January 1, 2021	\$ 35,874,751	2,899,284	11,345,901	1,822,004	7,944,644	(2,467,365)	565,440	57,984,659
Profit for the period	-	-	-	-	6,537,765	-	-	6,537,765
Other comprehensive income (loss) for the period	-	-	-	-	12,847	(569,603)	(244,443)	(801,199)
Total comprehensive income (loss) for the period	-	-	-	-	6,550,612	(569,603)	(244,443)	5,736,566
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	747,132	-	(747,132)	-	-	-
Special reserve appropriated	-	-	-	79,921	(79,921)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(6,636,829)	-	-	(6,636,829)
Changes in equity of associates and joint ventures accounted for using equity method	-	308	-	-	-	-	-	308
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,373)	-	1,373	-
Balance at December 31, 2021	35,874,751	2,899,592	12,093,033	1,901,925	7,030,001	(3,036,968)	322,370	57,084,704
Profit the period	-	-	-	-	6,128,786	-	-	6,128,786
Other comprehensive income (loss) for the period	-	-	-	-	95,889	2,530,252	(1,263,443)	1,362,698
Total comprehensive income (loss) for the period	-	-	-	-	6,224,675	2,530,252	(1,263,443)	7,491,484
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	654,924	-	(654,924)	-	-	-
Special reserve appropriated	-	-	-	812,672	(812,672)	-	-	-
Cash dividends on ordinary share	-	-	-	-	(5,022,465)	-	-	(5,022,465)
Changes in equity of associates and joint ventures accounted for using equity method	-	335	-	-	-	-	-	335
Balance at December 31, 2022	<u>\$ 35,874,751</u>	<u>2,899,927</u>	<u>12,747,957</u>	<u>2,714,597</u>	<u>6,764,615</u>	<u>(506,716)</u>	<u>(941,073)</u>	<u>59,554,058</u>

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

INVENTEC CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Profit before tax	\$ 7,008,878	7,699,893
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	637,720	634,481
Amortization expense	418,421	650,761
Expected credit (reversal gain) loss	(10,318)	74,291
Interest expense	1,609,256	423,852
Interest income	(176,060)	(10,466)
Dividend income	(32,504)	(123,577)
Share of (loss) profit of subsidiaries, associates and joint ventures accounted for using equity method	114,293	(5,088,208)
Gain on disposal of property, plant and equipment	(2,779)	(7,017)
Gain on disposal of other assets	-	(339)
Loss on disposal of investments accounted for using equity method	-	25,025
Unrealized foreign exchange loss (gain)	309,392	(144,632)
Other adjustments	31	-
Total adjustments to reconcile profit	<u>2,867,452</u>	<u>(3,565,829)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in financial assets at fair value through profit or loss, mandatorily measured at fair value	(158,733)	122,521
Decrease (increase) in accounts receivable	22,591,072	(17,387,183)
Increase in other receivable	(10,013,756)	(3,590,528)
Increase in inventories	(468,806)	(8,966,285)
(Increase) decrease in other current assets	(193,977)	2,148,982
Total changes in operating assets	<u>11,755,800</u>	<u>(27,672,493)</u>
Changes in operating liabilities:		
Increase (decrease) in financial liabilities held for trading	180,250	(69,935)
Increase in contract liabilities	4,949,840	455,983
(Decrease) increase in accounts payable	(4,382,524)	27,351,060
Increase (decrease) in other payables	407,269	(171,999)
Increase in other current liabilities	2,600,268	724,686
Decrease in net defined benefit liabilities	(52,443)	(50,202)
Total changes in operating liabilities	<u>3,702,660</u>	<u>28,239,593</u>
Total changes in operating assets and liabilities	<u>15,458,460</u>	<u>567,100</u>
Total adjustments	<u>18,325,912</u>	<u>(2,998,729)</u>
Cash inflow generated from operations	25,334,790	4,701,164
Interest received	173,590	10,899
Dividends received	176,447	790,087
Interest paid	(1,313,524)	(403,837)
Income taxes paid	(548,076)	(148,181)
Net cash flows from operating activities	<u>23,823,227</u>	<u>4,950,132</u>

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

INVENTEC CORPORATION

STATEMENTS OF CASH FLOWS (CONT'D)

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(300,000)	(41,845)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	4,838
Acquisition of financial assets at fair value through profit or loss	-	(32,250)
Proceeds from disposal of financial assets at fair value through profit or loss	578,443	-
Acquisition of investments accounted for using equity method	(3,031,400)	(194,740)
Acquisition of property, plant and equipment	(661,000)	(190,345)
Proceeds from disposal of property, plant and equipment	3,483	25,306
Acquisition of intangible assets	(193,856)	(247,305)
Proceeds from disposal of intangible assets	-	40
Increase in other non-current assets	(629,031)	(309,677)
Net cash flows used in investing activities	<u>(4,233,361)</u>	<u>(985,978)</u>
Cash flows from financing activities:		
Decrease (increase) in short-term borrowings	(10,509,979)	8,648,131
Proceeds from long-term borrowings	10,509,400	18,145,000
Repayments of long-term borrowings	(8,809,900)	(17,198,000)
(Decrease) increase in other non-current liabilities	(5,166)	5,529
Cash dividends paid	(5,022,465)	(6,636,829)
Payment of lease liabilities	(5,802)	(5,854)
Net cash flows (used in) from financing activities	<u>(13,843,912)</u>	<u>2,957,977</u>
Net increase in cash and cash equivalents	5,745,954	6,922,131
Cash and cash equivalents at beginning of period	<u>12,188,253</u>	<u>5,266,122</u>
Cash and cash equivalents at end of period	<u><u>\$ 17,934,207</u></u>	<u><u>12,188,253</u></u>

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

(English Translation of Financial Statements and Report Originally Issued in Chinese)
INVENTEC CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company History

Inventec Corporation (the “Company”) was organized in 1975. The Company engages primarily in the developing, manufacturing, processing and trading of computers and related products. The Company’s registered office address is located at No.66 Hougang Street, Shilin District, Taipei City, Taiwan, R.O.C. The shares of the Company became officially listed and traded on the Taiwan Stock Exchange in November 1996.

(2) Financial Statements Authorization Date and Authorization Process

The financial statements were authorized for issuance by the Board of Directors on March 14, 2023.

(3) New Standards, Amendments and Interpretations Adopted:

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

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

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

- (b) The impact of IFRS issued by the FSC but not yet effective

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

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Significant Accounting Policies

The accompanying parent company only 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 parent company only financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the financial statements are summarized below. Except for the explanation of Note (3), the following accounting policies were applied consistently throughout the periods presented in the financial statements.

- (a) Statement of compliance

These annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- (b) Basis of preparation

1. Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note (4)(p).

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2.Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currencies

1.Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designed as at fair value through other comprehensive income, which is recognized in other comprehensive income.

2.Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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(d) 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.

An entity shall classify a liability as current when:

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. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

Some trade receivables deriving from the collection of contractual cash flows and sales made by the Company are measured at FVOCI, and recognized as ‘trade receivables’ line item.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company’s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

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4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables and notes receivable, other receivables, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when the financial asset is more than year past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

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- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 1 year past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

2. Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

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3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or jointly control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method that was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (or retained earnings) (as a reclassification adjustment) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid-in capital. If the additional paid-in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

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(i) Investment in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the parent company only financial statements. Under equity method, the net income, other comprehensive income and equity in the parent company only financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(j) Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	10 ~ 50years
Machinery	2 ~ 11years
Transportation equipment	3 ~ 6years
Furniture and office facilities	2 ~ 14years
Power equipment	2 ~ 16years
Renovation and leasehold improvements	2 ~ 20years
Miscellaneous equipment	2 ~ 16years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or

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- 4) there is a change of its assessment on whether it will exercise an extension or termination option; or
- 5) there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including other equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(l) Intangible assets

1. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

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2.Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3.Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Computer software cost	1 year~ 6 years
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Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(o) Revenue

1. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Consulting services and Management services

The Company provides advisory and management services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the costs incurred to date as a proportion of the total estimated costs of the transaction.

3) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

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(p) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

2. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3. Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

4. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

1. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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(r) Earnings per share

The Company disclose the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds and employee compensation.

(s) Operating segments

Please refer to the consolidated financial report of Inventec Corporation for the years ended December 31, 2022 and 2021 for operating segments information.

(5) Significant Accounting Assumptions and Judgements, and Major Sources of Estimation Uncertainty

The preparation of the financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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 management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

The Company does not have any accounting policies which involve significant judgment which have significant influence to the annual financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note (6)(e) for further description of the valuation of inventories.

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(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$ 738	1,001
Demand deposits and checking accounts	17,193,469	11,451,699
Time deposits	740,000	735,553
Cash and cash equivalents in statement of cash flows	<u><u>\$ 17,934,207</u></u>	<u><u>12,188,253</u></u>

Refer to Note (6)(v) for the currency risk of the financial assets of the Company.

(b) Financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income

1. Financial assets and liabilities at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 316,300	28,391
Foreign exchange swap	119,565	163,696
Non-derivative financial assets		
Emerging stock	65,461	114,198
Unquoted financial instruments	67,161	674,757
Unsecured convertible bonds	10,557	17,712
Total	<u><u>\$ 579,044</u></u>	<u><u>998,754</u></u>

The liquidation of E-TON SOLAR TECH. CO., LTD. on November 24, 2022 resulted in the Company to receive the residual property amounting to \$578,443.

	December 31, 2022	December 31, 2021
Financial liabilities at fair value through profit or loss		
Held-for-trading financial liabilities		
Forward exchange contracts	\$ 30,966	109,891
Foreign exchange swap	261,417	2,242
Total	<u><u>\$ 292,383</u></u>	<u><u>112,133</u></u>

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The Company uses derivative financial instruments to hedge the certain foreign exchange and interest rate risk the Company is exposed to, arising from its operating, financing and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities on December 31, 2022 and 2021:

1) Financial assets:

December 31, 2022				
	Contract Amount (in thousands)		Currency	Maturity Period
Foreign exchange swap	USD 190,000		USD to TWD	2023.01.05~2023.05.30
Forward	USD 415,000		USD to TWD	2023.01.06~2023.06.16
December 31, 2021				
	Contract Amount (in thousands)		Currency	Maturity Period
Foreign exchange swap	USD 814,000		USD to TWD	2022.01.13~2022.06.17
Forward	USD 235,000		USD to TWD	2022.02.09~2022.03.29

2) Financial liabilities:

December 31, 2022				
	Contract Amount (in thousands)		Currency	Maturity Period
Foreign exchange swap	USD 355,000		USD to TWD	2023.01.06~2023.06.16
Forward	USD 130,000		USD to TWD	2023.01.05~2023.05.30
December 31, 2021				
	Contract Amount (in thousands)		Currency	Maturity Period
Foreign exchange swap	USD 45,000		USD to TWD	2022.03.08~2022.03.14
Forward	USD 624,000		USD to TWD	2022.01.13~2022.06.17

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2. Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income		
Stocks of listed companies	\$ 614,445	1,538,951
Stocks of unlisted companies	<u>2,556,636</u>	<u>2,134,253</u>
Total	<u>\$ 3,171,081</u>	<u>3,673,204</u>

1) Equity investments at fair value through other comprehensive income

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

WK Technology Fund IV Corp. was liquidated on October 29, 2021. The fair value of the residual property received by the Company was \$240, resulting in the Company to realize a loss of \$1,373, which was recognized as other comprehensive income, then later on, was reclassified to retained earnings.

2) For credit risk and market risk, please refer to Note (6)(v).

3) As of December 31, 2022 and 2021, the aforesaid financial assets were not pledged as collateral.

(c) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable - related parties	\$ 29,383,904	35,489,138
Accounts receivable - non-related parties	50,181,605	68,477,452
Less: Loss allowance	<u>(34,878)</u>	<u>(67,033)</u>
	<u>\$ 79,530,631</u>	<u>103,899,557</u>

The Company assessed that some accounts receivable were derived from the collection of contractual cash flows and sales. Therefore, those accounts receivable were measured at fair value through other comprehensive income. As of December 31, 2022, the amount of accounts receivable measured at fair value through other comprehensive income was \$1,328,208.

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The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision in Taiwan were determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 76,502,388	0.00%~0.50%	34,016
1 to 180 days past due	3,063,121	0.04%~0.50%	862
More than 180 days past due	-	0.04%~100%	-
	<u>\$ 79,565,509</u>		<u>34,878</u>

As of February 21, 2023, the amount received in subsequent period by the Company is \$44,169,761.

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 97,230,320	0.00%~0.50%	41,237
1 to 180 days past due	6,710,729	0.04%~0.50%	255
More than 180 days past due	25,541	0.04%~100%	25,541
	<u>\$ 103,966,590</u>		<u>67,033</u>

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

	For the years ended December 31,	
	2022	2021
Balance at January 1	\$ 67,033	34,867
Impairment losses recognized (reversed)	(5,567)	32,590
Amounts written off	(26,588)	(424)
Balance at December 31	<u>\$ 34,878</u>	<u>67,033</u>

The allowance for impairment account is used to record expected credit losses. If the Company believes that it may not be able to collect the receivables. The accumulated impairment was used to offset the receivables when it is certain they are unrecoverable, after related legal actions were taken by the Company.

As of December 31, 2022 and 2021, none of the receivables above are pledged as collateral for loans and borrowings.

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As of December 31, 2022 and 2021, the Company sold its accounts receivable without recourse as follows:

December 31, 2022						
Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Non-related parties	\$ <u>20,338,289</u>	USD <u>483,515</u>	USD <u>662,485</u>	-	4.99%~5.59%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.

December 31, 2021						
Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Non-related parties	\$ <u>24,852,588</u>	USD <u>1,822</u>	USD <u>898,178</u>	-	0.86%~0.98%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.

(d) Other receivables

	December 31, 2022	December 31, 2021
Other accounts receivable—related parties	\$ 66,877,754	58,071,654
Other accounts receivable—non-related parties	250,823	214,308
Less: Loss allowance	(71,592)	(76,343)
	<u>\$ 67,056,985</u>	<u>58,209,619</u>

The movement in the allowance for impairment with respect to other receivables was as follows:

	For the years ended December 31,	
	2022	2021
Balance at January 1	\$ 76,343	34,642
Impairment losses recognized (reversed)	(4,751)	41,701
Balance at December 31	<u>\$ 71,592</u>	<u>76,343</u>

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(e) Inventories

	December 31, 2022	December 31, 2021
Raw materials and consumables	\$ 6,740,808	7,637,842
Work in process	2,476,998	1,472,908
Finished goods	<u>2,605,230</u>	<u>2,243,480</u>
	<u>\$ 11,823,036</u>	<u>11,354,230</u>

For the years ended December 31, 2022 and 2021, the write-down of inventories amounted to \$90,312 and \$88,326, respectively. Write-down of inventory valuation is due to obsolescence or out of use, which causes the net realizable value of inventory to be lower than the cost and is recognized as operating costs. For the years ended December 31, 2022 and 2021, idle capacity loss amounted to \$2,302 and \$24,528, respectively.

As of December 31, 2022 and 2021, the aforesaid inventories were not pledged as collateral.

(f) Investments accounted for using equity method

The components of investments accounted for using equity method at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	\$ 42,572,062	37,623,774
Associates	<u>222,154</u>	<u>251,731</u>
	<u>\$ 42,794,216</u>	<u>37,875,505</u>

The credit balance of investments accounted for using equity method at the reporting date (recognized as other non-current liabilities) were as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	<u>\$ 661,071</u>	<u>633,253</u>

1. Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2022.

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2. Associates

The Company's financial information for investments in individually insignificant associates accounted for using equity method at the reporting date was as follows. These financial information are included in the financial statements.

	December 31, 2022	December 31, 2021
Individually insignificant associates	\$ 221,154	251,731
	For the years ended December 31, 2022	2021
The Company's share of (loss) profit of the associates		
(Loss) profit from continuing operations	\$ (32,607)	41,015
Other comprehensive income	3,030	405
Total comprehensive income (loss)	\$ (29,577)	41,420

As of December 31, 2022 and 2021, the Company's investments under equity method has not been pledged as collaterals.

3. Judgment on whether the invested company has substantial control

1) For whether the invested company has substantial control, refer to the consolidated financial report for the years ended December 31, 2022.

2) Judgment on existence of substantial control over investee

The Company holds 37.528% of the outstanding voting shares of Inventec Besta Co., Ltd. (Besta) and obtains only one seat among all seven board directors. Therefore, the Company does not have existing rights and the current ability to direct the investee's relevant activities, thus, the Company does not have control over Besta.

(g) Loss of control over subsidiaries

Inventec Manufacturing (India) Private Limited dismissed on July 7, 2021. It is currently in liquidation process. As a result, The Company loss control over it.

The details of assets and liabilities of the aforesaid subsidiaries were as follows:

Cash and cash equivalents	\$ 8,309
Account receivables	4,984
Other payables	(196)
Carrying amount of net asset of the former subsidiary	\$ 13,097

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(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2022 and 2021 were as follows:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Others	Total
Cost or deemed cost:								
Balance at January 1, 2022	\$ 7,641,024	5,134,289	1,089,220	23,676	2,230,016	1,382,858	11,719	17,512,802
Additions	170,564	133,422	80,987	6,010	105,699	150,646	4,070	651,398
Disposals	-	-	(9,146)	(12,030)	(77,832)	(20,739)	-	(119,747)
Others	-	-	3,308	-	5,952	10,640	(11,719)	8,181
Balance at December 31, 2022	<u>\$ 7,811,588</u>	<u>5,267,711</u>	<u>1,164,369</u>	<u>17,656</u>	<u>2,263,835</u>	<u>1,523,405</u>	<u>4,070</u>	<u>18,052,634</u>
Balance at January 1, 2021	\$ 7,641,024	5,134,289	1,136,857	25,798	2,255,496	1,255,292	114,501	17,563,257
Additions	-	-	16,713	-	112,088	52,970	11,719	193,490
Disposals	-	-	(89,111)	(2,122)	(149,320)	(1,391)	-	(241,944)
Others	-	-	24,761	-	11,752	75,987	(114,501)	(2,001)
Balance at December 31, 2021	<u>\$ 7,641,024</u>	<u>5,134,289</u>	<u>1,089,220</u>	<u>23,676</u>	<u>2,230,016</u>	<u>1,382,858</u>	<u>11,719</u>	<u>17,512,802</u>
Depreciation and impairment losses:								
Balance at January 1, 2022	\$ -	1,072,614	482,045	19,859	1,990,680	865,983	-	4,431,181
Depreciation for the period	-	122,104	206,185	3,387	162,375	137,964	-	632,015
Disposals	-	-	(9,146)	(12,030)	(77,195)	(20,713)	-	(119,084)
Balance at December 31, 2022	<u>\$ -</u>	<u>1,194,718</u>	<u>679,084</u>	<u>11,216</u>	<u>2,075,860</u>	<u>983,234</u>	<u>-</u>	<u>4,944,112</u>
Balance at January 1, 2021	\$ -	952,627	371,440	18,717	1,969,601	715,243	-	4,027,628
Depreciation for the period	-	119,987	195,108	3,264	158,116	152,131	-	628,606
Disposals	-	-	(84,503)	(2,122)	(137,037)	(1,391)	-	(225,053)
Balance at December 31, 2021	<u>\$ -</u>	<u>1,072,614</u>	<u>482,045</u>	<u>19,859</u>	<u>1,990,680</u>	<u>865,983</u>	<u>-</u>	<u>4,431,181</u>
Carrying amounts:								
Balance at December 31, 2022	<u>\$ 7,811,588</u>	<u>4,072,993</u>	<u>485,285</u>	<u>6,440</u>	<u>187,975</u>	<u>540,171</u>	<u>4,070</u>	<u>13,108,522</u>
Balance at December 31, 2021	<u>\$ 7,641,024</u>	<u>4,061,675</u>	<u>607,175</u>	<u>3,817</u>	<u>239,336</u>	<u>516,875</u>	<u>11,719</u>	<u>13,081,621</u>
Balance at January 1, 2021	<u>\$ 7,641,024</u>	<u>4,181,662</u>	<u>765,417</u>	<u>7,081</u>	<u>285,895</u>	<u>540,049</u>	<u>114,501</u>	<u>13,535,629</u>

As of December 31, 2022 and 2021, the property, plant and equipment were pledged as collateral, please refer to Note (8).

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(i) Right-of-use assets

The Company leases many assets including land and vehicles. Information about leases for which the Company as a lessee is presented below:

	<u>Land</u>	<u>Vehicles</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 6,508	13,598	20,106
Additions	-	7,038	7,038
Reductions	(54)	(6,725)	(6,779)
Balance as of December 31, 2022	<u>\$ 6,454</u>	<u>13,911</u>	<u>20,365</u>
Balance at January 1, 2021	\$ 6,348	12,919	19,267
Additions	160	5,010	5,170
Reductions	-	(4,331)	(4,331)
Balance at December 31, 2021	<u>\$ 6,508</u>	<u>13,598</u>	<u>20,106</u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2022	\$ 3,841	7,913	11,754
Depreciation for the period	1,291	4,414	5,705
Reductions	-	(6,725)	(6,725)
Balance at December 31, 2022	<u>\$ 5,132</u>	<u>5,602</u>	<u>10,734</u>
Balance at January 1, 2021	\$ 2,540	7,670	10,210
Depreciation for the period	1,301	4,574	5,875
Reductions	-	(4,331)	(4,331)
Balance at December 31, 2021	<u>\$ 3,841</u>	<u>7,913</u>	<u>11,754</u>
Carrying amounts:			
Balance at December 31, 2022	<u>\$ 1,322</u>	<u>8,309</u>	<u>9,631</u>
Balance at December 31, 2021	<u>\$ 2,667</u>	<u>5,685</u>	<u>8,352</u>
Balance at January 1, 2021	<u>\$ 3,808</u>	<u>5,249</u>	<u>9,057</u>

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(j) Intangible assets

The costs of intangible assets and amortization of the Company for the years ended December 31, 2022 and 2021 were as follows:

	<u>Software cost</u>
Cost:	
Balance at January 1, 2022	\$ 1,290,413
Additions	193,856
Disposals	(346,600)
Others	<u>4,492</u>
Balance at December 31, 2022	<u><u>\$ 1,142,161</u></u>
Balance at January 1, 2021	\$ 1,154,751
Additions	247,305
Disposals	<u>(111,643)</u>
Balance at December 31, 2021	<u><u>\$ 1,290,413</u></u>
Amortization and impairment losses:	
Balance at January 1, 2022	\$ 1,134,874
Amortization for the period	191,767
Disposals	<u>(346,600)</u>
Balance at December 31, 2022	<u><u>\$ 980,041</u></u>
Balance at January 1, 2021	\$ 1,088,489
Amortization for the period	158,028
Disposals	<u>(111,643)</u>
Balance at December 31, 2021	<u><u>\$ 1,134,874</u></u>
Carrying amounts:	
Balance at December 31, 2022	<u><u>\$ 162,120</u></u>
Balance at December 31, 2021	<u><u>\$ 155,539</u></u>
Balance at January 1, 2021	<u><u>\$ 66,262</u></u>

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The amortization of intangible assets is respectively included in the statement of comprehensive income:

	For the years ended December 31,	
	2022	2021
Operating costs	\$ 984	6,451
Operating expenses	190,783	151,577
Total	<u>\$ 191,767</u>	<u>158,028</u>

As of December 31, 2022 and 2021, none of the aforesaid intangible assets were pledged as collateral.

(k) Other current assets and other non-current assets

The other current assets-others and other non-current assets of the Company were as follows:

	December 31, 2022	December 31, 2021
Refundable deposits	\$ 183,264	32,403
Current asset recognized as right to recover products from customers	300,998	145,190
Restricted assets	130,735	117,832
Deferred tax assets	1,210,223	1,128,332
Payments on behalf of others	373,540	456,626
Others	774,226	424,830
	<u>\$ 2,972,986</u>	<u>2,305,213</u>

The Company determines the substance of the transaction in terms of sales and production, as well as production of the same target, to complete its sales contract. The Company has the nature of an agent, and so the transaction is reflected as the net amount after the purchases and sales are written off. The unused inventory of purchases is listed as payments on behalf of others.

As of December 31, 2022 and 2021, other assets, which were pledged as collateral, were discussed further in Note (8).

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(l) Long-term and short-term borrowings

The significant terms and conditions of long-term and short-term borrowings were as follows:

December 31, 2022				
	Interest Rate	Currency	Maturity Date	Amount
Unsecured bank loans	4.40%~5.81%	USD	2023.01.06~2025.10.14	\$ 30,049,196
Secured bank loans	1.82%	TWD	2031.02.26	2,450,000
Total				<u><u>\$ 32,499,196</u></u>
Current				\$ 21,753,196
Non-current				10,746,000
Total				<u><u>\$ 32,499,196</u></u>
Unused credit line				<u><u>\$ 36,947,603</u></u>

December 31, 2021				
	Interest Rate	Currency	Maturity Date	Amount
Unsecured bank loans	0.41%~1.03%	TWD	2022.01.13~2022.03.31	\$ 8,600,000
		USD	2022.01.03~2022.02.11	30,995,717
Secured bank loans	1.19%	TWD	2031.02.26	2,750,000
Total				<u><u>\$ 42,345,717</u></u>
Current				\$ 39,895,717
Non-current				2,450,000
Total				<u><u>\$ 42,345,717</u></u>
Unused credit line				<u><u>\$ 22,325,093</u></u>

1. Please refer to Note (8) for details of the related assets pledged as collateral.

2. Important borrowing restrictions

The Company entered into syndicated credit agreements with a number of financial institutions. Under these agreements, the Company shall adhere to certain financial provisions such as current ratios, leverage ratios, interest coverage ratios and tangible net worth in the consolidated annual and semi-annual financial report on the balance sheet date. Otherwise, the borrowings will be considered due and payable immediately. As of December 31, 2022 and 2021, the Company was in compliance with the above financial covenants.

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(m) Lease liabilities

The carrying amounts of the Company's lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	<u>\$ 5,723</u>	<u>5,069</u>
Non-current	<u>\$ 3,951</u>	<u>3,423</u>

For the maturities analysis, please refer to Note (6)(v) of "Financial instruments".

The amounts recognized in profit or loss were as follows:

	For the years ended December 31, 2022	2021
Interest on lease liabilities	<u>\$ 86</u>	<u>128</u>
Expenses relating to short-term leases	<u>\$ 2,760</u>	<u>1,586</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	<u>\$ 225</u>	<u>195</u>

The amounts recognized in the statements of cash flows for the Company were as follows:

	For the years ended December 31, 2022	2021
Total cash outflow for leases	<u>\$ 8,873</u>	<u>7,763</u>

1. Real estate leases

The Company leases land for its office and plants. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of equipment contain extension or cancellation options exercisable by the Company. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

2. Other leases

The Company leases vehicles, with lease terms of two to three years. In some cases, the Company has option to guarantees the residual value of the leased assets at the end of the contract term.

The Company also leases other equipment with contract terms of one to three years. These leases are short-term and or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

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(n) Operating Leases

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2022	December 31, 2021
Less than one year	\$ 4,493	16,697
One to two years	1,801	2,286
Two to three years	1,417	415
Three to four years	1,417	-
Four to five years	591	-
Total undiscounted lease receivables	<u><u>\$ 9,719</u></u>	<u><u>19,398</u></u>

The rental revenues incurred by leasing land, offices and plants were \$31,390 and \$30,614 for the years ended December 31, 2022 and 2021, respectively.

(o) Employee benefits

1. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	\$ 1,318,757	1,356,731
Fair value of plan assets	(840,563)	(766,812)
Net defined benefit liabilities	<u><u>\$ 478,194</u></u>	<u><u>589,919</u></u>

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued two-year time deposits with interest rates offered by local banks.

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The Company's pension reserve account in Bank of Taiwan amounted to \$840,563 at the end of December 31, 2022. For information on the utilization of the labor pension fund assets including the assets allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Defined benefit obligation at January 1	\$ 1,356,731	1,400,254
Current service costs and interest cost	18,079	17,370
Remeasurement on the net defined benefit liability		
— Actuarial loss (gain) arising from changes in demography assumption	-	34,468
— Experience adjustments arising on the actuarial gain or loss	17,717	(24,591)
— Actuarial loss (gain) arising from changes in financial assumptions	(17,547)	(16,580)
Benefits paid by the plan assets	(56,223)	(54,190)
Defined benefit obligation at December 31	<u><u>\$ 1,318,757</u></u>	<u><u>1,356,731</u></u>

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Fair value of plan assets at January 1	\$ 766,812	744,083
Interest income	4,995	3,864
Remeasurement on the net defined benefit liability		
— Return on plan assets (excluding current interest)	59,452	9,348
Contributions made	65,527	63,707
Benefits paid by the plan assets	(56,223)	(54,190)
Fair value of plan assets at December 31	<u><u>\$ 840,563</u></u>	<u><u>766,812</u></u>

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4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Current service costs	\$ 9,599	10,385
Net interest of net liabilities for defined benefit obligations	3,485	3,121
	\$ 13,084	13,506
Operating cost	\$ 1,253	1,396
Selling expenses	1,613	1,606
Administration expenses	3,094	3,146
Research and development expenses	7,124	7,358
	\$ 13,084	13,506

5) Actuarial assumptions

The following are the Company's principal actuarial assumptions:

	For the years ended December 31,	
	2022	2021
Discount rate	1.375%	0.625%
Future salary increases rate	2.250%	1.625%

The expected allocation payment made by the Company to the defined benefit plans for the one-year period after the reporting date was \$68,588.

The weighted-average duration of the defined benefit obligation is 9.9 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation for 2022 and 2021 shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2022		
Discount rate	\$ (30,343)	31,410

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	Influences of defined benefit obligations	
	Increased	Decreased
	0.25%	0.25%
December 31, 2021		
Discount rate	(32,994)	34,211

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

2. Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company contribute an amount equal to 6% of the employee's monthly wages to the Labor Pension personal account with the Bureau of the Labor Insurance.

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to \$236,032 and \$224,616 for the years ended December 31, 2022 and 2021, respectively. Except for the accounts payable of \$62,696 and \$57,751 respectively, the Company have been contributed to the Bureau of Labor Insurance.

(p) Income taxes

1. The components of income tax expense for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Current tax expense		
Current period	\$ 942,652	356,765
Others	(17,317)	(360,095)
	<u>925,335</u>	<u>(3,330)</u>
Deferred tax expense		
Origination and reversal of temporary differences	(45,243)	1,165,458
Income tax expense from continuing operations	<u>\$ 880,092</u>	<u>1,162,128</u>

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The amounts of income tax recognized in other comprehensive income for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ <u>(11,856)</u>	<u>(3,210)</u>

Reconciliations between profit before tax and income tax expense for the years ended December 31, 2022 and 2021, were as follows:

	For the years ended December 31,	
	2022	2021
Profit before tax	\$ <u>7,008,878</u>	<u>7,699,893</u>
Income tax using the statutory tax rate	1,401,775	1,539,979
Permanent differences	(147,960)	37,985
Tax incentives	(403,994)	(152,900)
Changes in unrecognized temporary differences	47,588	97,159
Others	<u>(17,317)</u>	<u>(360,095)</u>
Income tax expense	\$ <u>880,092</u>	<u>1,162,128</u>

Others are mainly overestimate in the prior periods, which was the estimated difference between the approved amounts by the Tax Authority and the declared amounts.

2. Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets that have not been recognized in respect of the following items:

	December 31, 2022	December 31, 2021
Tax effect of deductible temporary differences	\$ <u>1,073,676</u>	<u>1,026,088</u>

2) Recognized deferred tax assets and liabilities

Changes in the amount of in deferred tax assets and liabilities for the years ended December 31, 2022 and 2021 were as follows:

	Gain (loss) on investment	Other	Total
Deferred Tax Liabilities:			
Balance at January 1, 2022	\$ 3,923,776	66,452	3,990,228
Recognized in profit or loss	<u>114,956</u>	<u>(66,452)</u>	<u>48,504</u>
Balance at December 31, 2022	\$ <u>4,038,732</u>	<u></u>	<u>4,038,732</u>

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	Gain (loss) on investment	Other	Total
Balance at January 1, 2021	\$ 2,865,814	-	2,865,814
Recognized in profit or loss	1,057,962	66,452	1,124,414
Balance at December 31, 2021	<u>\$ 3,923,776</u>	<u>66,452</u>	<u>3,990,228</u>

	Deferred Income	Defined Benefit Plans	Others	Total
Deferred Tax Assets:				
Balance at January 1, 2022	\$ 859,826	61,640	206,866	1,128,332
Recognized in profit or loss	171,339	(10,489)	(67,103)	93,747
Recognized in other comprehensive income	-	(11,856)	-	(11,856)
Balance at December 31, 2022	<u>\$ 1,031,165</u>	<u>39,295</u>	<u>139,763</u>	<u>1,210,223</u>
Balance at January 1, 2021	\$ 808,117	74,890	289,579	1,172,586
Recognized in profit or loss	51,709	(10,040)	(82,713)	(41,044)
Recognized in other comprehensive income	-	(3,210)	-	(3,210)
Balance at December 31, 2021	<u>\$ 859,826</u>	<u>61,640</u>	<u>206,866</u>	<u>1,128,332</u>

3. Assessment of tax

The Company's income tax returns for the years through 2020 have been examined and approved by the Tax Authority.

(q) Capital and other equity

As of December 31, 2022 and 2021, the authorized capital of the Company both consisted of 3,650,000 thousand shares and both issued worth \$36,500,000, with par value of \$10 per share, and its outstanding capital both consisted of 3,587,475 thousand shares of stock. All issued shares were paid up upon issuance.

1. Capital surplus

The balances of the capital surplus were as follows:

	December 31, 2022	December 31, 2021
Share capital	\$ 2,891,959	2,891,959
Other	7,968	7,633
	<u>\$ 2,899,927</u>	<u>2,899,592</u>

In accordance with the ROC company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the securities offering and Issuance Guidelines, the amount of capital reserve to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

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2. Retained earnings

The Company's Articles of Incorporation require that after-tax earnings shall first be offset against any accumulated deficit, and 10% of the rest be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Special reserve may be appropriated for operations or to meet regulations. The remaining earnings, if any, may be appropriated for operations according to the proposal, and the distributed dividends may not be lower than 10% of the earnings. Surplus distribution based on issuance of new shares approved by the Board of Directors, should be resolved during the shareholder's meeting. In consideration of the Company's long-term operating plan, funding needs, and satisfying shareholder demand for cash flow, the Company distributes cash dividends of at least 10% of the aggregate of cash dividends and stock dividends if the distributions include cash dividend. In accordance with Article 240 of the ROC Company Act, the Company authorizes the distribution of dividends and bonuses or its legal reserve and capital reserve, according to Article 241 of the ROC 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; then such distribution shall be submitted to the shareholder's meeting.

1) Legal reserve

If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the statutory earnings reserve either by new shares or by cash, of up to 25 percent of the actual share capital.

2) Special reserve

In accordance with the Ruling issued by the Financial Supervisory Commission, for the contra account of other shareholders' equity incurred in the current year, a special reserve is appropriated from the current profit, plus, the amount of items other than the current profit included in the current undistributed earnings and prior period's undistributed earnings. For the amount of contra accounts in other shareholders' equity accumulated in the prior period, a special reserve which was appropriated from the prior period's undistributed earnings can no longer be allocated. When the debit balance of any of the contra account in other shareholders' equity is reversed, the related special reserve can also be reversed. The subsequent reversals of the contra accounts in other shareholders' equity shall qualify for any additional distributions.

3) Earnings Distribution

On March 15, 2022, and on March 30, 2021, the Company's Board of Directors resolved the amount of cash dividends of the earnings distribution of 2021 and 2020. These earnings were appropriated for distribution as follows:

	2021		2020	
	Dividend per share (\$)	Amount	Dividend per share (\$)	Amount
Dividends distributed to ordinary shareholders				
Cash	\$ 1.40	<u><u>5,022,465</u></u>	1.85	<u><u>6,636,829</u></u>

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

On March 14, 2023, the Company's Board of Directors resolved to appropriate the 2022 earnings as follows:

	2022	
	Dividend per share (\$)	Amount
Dividends distributed to ordinary shareholders		
Cash	\$ 1.50	<u><u>5,381,213</u></u>

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, 2022	\$ (3,036,968)	322,370
Exchange differences on foreign operations	286,241	-
Exchange differences on associates accounted for using equity method	2,244,011	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(802,122)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(461,321)
Balance at December 31, 2022	<u><u>\$ (506,716)</u></u>	<u><u>(941,073)</u></u>
Balance at January 1, 2021	\$ (2,467,365)	565,440
Exchange differences on foreign operations	(52,317)	-
Exchange differences on associates accounted for using equity method	(517,286)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	15,162
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(259,605)
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	1,373
Balance at December 31, 2021	<u><u>\$ (3,036,968)</u></u>	<u><u>322,370</u></u>

(r) Earnings per share

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

	For the years ended December 31,	
	2022	2021
Basic earnings per share:		
Profit attributable to ordinary shareholders	<u><u>\$ 6,128,786</u></u>	<u><u>6,537,765</u></u>
Weighted average number of ordinary shares (thousand shares)	<u>3,587,475</u>	<u>3,587,475</u>
Basic earnings per share (NT dollars)	<u><u>\$ 1.71</u></u>	<u><u>1.82</u></u>

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	For the years ended December 31,	
	2022	2021
Diluted earnings per share:		
Profit attributable to ordinary shareholders (adjusted for the effects of all dilutive potential ordinary shares)	\$ <u>6,128,786</u>	<u>6,537,765</u>
Weighted average number of ordinary shares (thousand shares)	3,587,475	3,587,475
Effect of dilutive potential common shares (thousand shares)		
Effect of employee share bonus	<u>26,851</u>	<u>28,459</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>3,614,326</u>	<u>3,615,934</u>
Diluted earnings per share (NT dollars)	\$ <u>1.70</u>	<u>1.81</u>

(s) Revenue from contracts with customers

1. Disaggregation of revenue

	For the years ended December 31,	
	2022	2021
Primary geographical markets		
Taiwan	\$ 46,955,703	50,879,384
USA	370,084,543	337,629,814
Japan	3,693,134	3,652,353
Hong Kong, Macao and Mainland China	9,219,173	10,863,796
Other countries	<u>22,413,046</u>	<u>37,948,313</u>
	\$ <u>452,365,599</u>	<u>440,973,660</u>
Major products		
Computer products	\$ 452,095,616	440,588,654
Services	<u>269,983</u>	<u>385,006</u>
	\$ <u>452,365,599</u>	<u>440,973,660</u>

2. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities	\$ <u>11,642,202</u>	<u>6,692,362</u>	<u>6,236,379</u>

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

The amount of revenue recognized for the year ended December 31, 2022 and 2021 were \$2,289,025 and \$2,252,515, respectively.

The contract liabilities primarily relate to deferred recognition of warranty revenue, for which revenue is recognized when the warranties are redeemed or when they expire.

(t) Remunerations of employees and directors

The Company's Articles of Incorporation require that earnings shall first be offset against any deficit. A minimum of 3% will be distributed as employee remuneration and a maximum of 3% will be allocated as directors' remuneration.

If the employee remuneration is distributed in the form of stock or cash, the employees qualifying for such distribution shall include the employees of the subsidiaries of the Company who meet certain specific requirements. Such qualified employees and the distribution ratio shall be decided by the Board of Directors.

The remuneration of employees amounted to \$516,364 and \$558,931 and the remuneration of directors amounted to \$68,342 and \$83,422 for the years ended December 31, 2022 and 2021, respectively. These amounts are calculated using the Company's profit before tax for each period described above, and are determined using the earnings allocation method which stated under the Company's article. These remunerations were expensed under operating cost or expenses in 2022 and 2021. Related information would be available at the Market Observation Post System website.

There were no differences between the amounts to be distributed as remuneration to employees and directors in 2022 and 2021 and the amounts stated in the individual reports.

(u) Non-operating income and expenses

1. Interest income

The details of interest income for the years ended December 31, 2022 and 2021, were as follows:

	For the years ended December 31,	
	2022	2021
Interest income from bank deposits	<u>\$ 176,060</u>	<u>10,466</u>

2. Other income

The details of other income for the years ended December 31, 2022 and 2021, were as follows:

	For the years ended December 31,	
	2022	2021
Rent income	\$ 31,390	30,614
Dividend income	32,504	123,577
	<u>\$ 63,894</u>	<u>154,191</u>

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3. Other gains and losses

The details of other gains and losses for the years ended December 31, 2022 and 2021, were as follows:

	For the years ended December 31,	
	2022	2021
Losses on disposal of investments	\$ -	(25,025)
Foreign exchange gains (losses)	1,500,512	(814,054)
Net gains on financial assets (liabilities) measured at fair value through profit or loss	374,119	883,282
Other gains and losses	84,948	56,312
	\$ 1,959,579	100,515

4. Finance costs

The details of finance expenses for the years ended December 31, 2022 and 2021, were as follows:

	For the years ended December 31,	
	2022	2021
Interest expenses		
Bank borrowings	\$ 1,008,729	295,648
Others	600,527	128,204
	\$ 1,609,256	423,852

(v) Financial instruments

1. Credit risks

1) Credit risks exposure

The carrying amounts of financial assets represented the maximum credit risk exposure of the Company.

2) Concentration of credit risk

Implicit credit risk of the Company is inherent in its cash and accounts receivable. The cash is deposited in different financial institutions. The Company manages the credit risk exposure with each of these financial institutions and believes that cash do not have a significant credit risk concentration.

The major customers of the Company are centralized in the high-tech computer industry. To minimize credit risk, the Company periodically evaluates the Company's financial positions and the possibility of collecting trade receivables.

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Besides, the Company monitors and reviews the recoverable amount of the trade receivables to ensure the uncollectible amount are recognized appropriately as impairment loss. Therefore, the executives evaluate the Company's credit risk to be limited.

As of December 31, 2022 and 2021, 84% and 76% of accounts receivable were attributable to two major customers. Thus, credit risk is significantly centralized.

2. Liquidity risks

The following are the contractual maturities of financial liabilities of the Company, including estimation of interest, but excluding the impact of netting arrangements:

	Carrying amounts	Contractual cash flows	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
December 31, 2022							
Non-derivative financial liabilities							
Unsecured bank loans	\$ 30,049,196	31,404,343	21,736,670	239,205	471,946	8,956,522	-
Secured bank loans	2,450,000	2,638,429	176,667	170,305	336,527	976,911	978,019
Accounts payable	111,034,104	111,034,104	111,034,104	-	-	-	-
Other payables	6,188,727	6,188,727	6,188,727	-	-	-	-
Lease liabilities	9,674	9,787	2,347	3,449	2,389	1,602	-
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	30,966	(3,976,530)	(3,976,530)	-	-	-	-
Inflow	-	3,945,564	3,945,564	-	-	-	-
Foreign exchange swap contracts not used for hedging :							
Outflow	261,417	(10,565,140)	(10,565,140)	-	-	-	-
Inflow	-	10,303,723	10,303,723	-	-	-	-
	<u>\$ 150,024,084</u>	<u>150,983,007</u>	<u>138,846,132</u>	<u>412,959</u>	<u>810,862</u>	<u>9,935,035</u>	<u>978,019</u>
December 31, 2021							
Non-derivative financial liabilities							
Unsecured bank loans	\$ 39,595,717	39,619,004	39,619,004	-	-	-	-
Secured bank loans	2,750,000	2,901,352	165,990	165,098	327,519	961,136	1,281,609
Accounts payable	117,028,225	117,028,225	117,028,225	-	-	-	-
Other payables	5,495,327	5,495,327	5,495,327	-	-	-	-
Lease liabilities	8,492	8,564	2,315	2,815	3,434	-	-
Derivative financial liabilities							
Forward exchange swap contracts not used for hedging :							
Outflow	109,891	(17,267,921)	(17,267,921)	-	-	-	-
Inflow	-	17,158,030	17,158,030	-	-	-	-
Foreign exchange contracts not used for hedging:							
Outflow	2,242	(1,242,815)	(1,242,815)	-	-	-	-
Inflow	-	1,240,573	1,240,573	-	-	-	-
	<u>\$ 164,989,894</u>	<u>164,940,339</u>	<u>162,198,728</u>	<u>167,913</u>	<u>330,953</u>	<u>961,136</u>	<u>1,281,609</u>

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The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

3.Currency risks

1) Exposure to currency risks

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

December 31, 2022			
	Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 5,324,936	USD : TWD 30.70	163,475,535
<u>Non-monetary items</u>			
USD	173,135	USD : TWD 30.70	5,315,234
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	4,644,759	USD : TWD 30.70	142,594,101
December 31, 2021			
	Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 6,274,720	USD : TWD 27.67	173,621,502
<u>Non-monetary items</u>			
USD	68,148	USD : TWD 27.67	1,885,659
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	5,285,966	USD : TWD 27.67	146,262,679

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2) Sensitivity analysis

The Company's exposure to foreign currency risks arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A 0.5% depreciation or appreciation of the functional currency against all the non-functional currency as of December 31, 2022 and 2021 would have increased or decreased the net profit after tax by \$83,526 and \$109,435, respectively. The analysis is performed on the same basis for both periods.

3) Gains or losses on foreign exchange

For the years ended December 31, 2022 and 2021, the foreign exchange gain (loss), including realized and unrealized, amounted to \$1,500,512 and (\$814,054), respectively. As Company deals with diverse foreign currencies, therefore, the gains or losses on foreign exchange cannot be fully disclosed by its materiality.

4. Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to interest rates risk on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 0.25%, the Company's profit will decrease or increase by \$64,998 and \$84,691 for the years ended December 31, 2022 and 2021, respectively, assuming all other variable factors remain constant. This is mainly due to the Company's variable rate in borrowings.

5. Fair value of financial instruments

1) Fair value hierarchy

The Company uses the observable market data to evaluate its assets and liabilities. The different inputs of levels of fair value hierarchy in determination of fair value are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. However, for financial instruments not measured at fair value whose carrying amount is estimated reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and lease liabilities information is not required:

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	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 435,865	-	435,865	-	435,865
Non-derivative financial assets mandatorily measured at fair value through profit or loss	143,179	65,461	-	77,718	143,179
Subtotal	579,044	65,461	435,865	77,718	579,044
Financial assets at fair value through other comprehensive income					
Stocks of listed companies	614,445	576,756	37,689	-	614,445
Accounts receivable	1,328,208	-	-	-	-
Unquoted equity instruments measured at fair value	2,556,636	-	-	2,556,636	2,556,636
Subtotal	4,499,289	576,756	37,689	2,556,636	3,171,081
Financial assets measured at amortized cost					
Cash and cash equivalents	17,934,207	-	-	-	-
Accounts receivable and other receivables	145,259,408	-	-	-	-
Other financial assets and refundable deposits	313,999	-	-	-	-
Subtotal	163,507,614	-	-	-	-
Total	\$ 168,585,947	642,217	473,554	2,634,354	3,750,125
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	\$ 292,383	-	292,383	-	292,383
Financial liabilities measured at amortized cost					
Bank loans	32,499,196	-	-	-	-
Notes payable and accounts payable	111,034,104	-	-	-	-
Other payables	6,188,727	-	-	-	-
Lease liabilities	9,674	-	-	-	-
Subtotal	149,731,701	-	-	-	-
Total	\$ 150,024,084	-	292,383	-	292,383

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	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 192,087	-	192,087	-	192,087
Non-derivative financial assets mandatorily measured at fair value through profit or loss	806,667	114,198	-	692,469	806,667
Subtotal	998,754	114,198	192,087	692,469	998,754
Financial assets at fair value through other comprehensive income					
Stocks of listed companies	1,538,951	1,538,106	845	-	1,538,951
Unquoted equity instruments measured at fair value	2,134,253	-	-	2,134,253	2,134,253
Subtotal	3,673,204	1,538,106	845	2,134,253	3,673,204
Financial assets measured at amortized cost					
Cash and cash equivalents	12,188,253	-	-	-	-
Accounts receivable and other receivables	162,109,176	-	-	-	-
Other financial assets and refundable deposits	150,235	-	-	-	-
Subtotal	174,447,664	-	-	-	-
Total	\$ 179,119,622	1,652,304	192,932	2,826,722	4,671,958
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	\$ 112,133	-	112,133	-	112,133
Financial liabilities measured at amortized cost					
Bank loans	42,345,717	-	-	-	-
Notes payable and accounts payable	117,028,225	-	-	-	-
Other payables	5,495,327	-	-	-	-
Lease liabilities	8,492	-	-	-	-
Subtotal	164,877,761	-	-	-	-
Total	\$ 164,989,894	-	112,133	-	112,133

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2) Valuation techniques and assumptions for financial instruments measured at fair value:

The fair value of financial assets and liabilities were decided in accordance with the solutions as follows:

(2.1) Non-derivative financial instruments

- A. The stocks of listed companies are financial assets with standard terms which are traded in the active markets. Their fair values are based on the quoted market prices.
- B. The fair value of private equity is based on standard terms and quoted market prices.
- C. The fair value of unquoted instruments were estimated using either the discounted cash flow model in which future cash flow were estimated and discounted or the fair value of the recognized assets and liabilities of the investees on the measurement day.

(2.2) Derivative financial instruments

Foreign exchange swap and forward exchange were usually evaluated in the latest forward rate.

3) Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 of the fair value for the years ended December 31, 2022 and 2021.

4) The following table shows the movements in fair value measurements under level 3 of the fair value hierarchy:

	At fair value through profit or loss	Fair value through other comprehensive income
Balance as of January 1, 2022	\$ 692,469	2,134,253
Total gains and losses recognized in		
Profit or loss	(36,308)	-
Other comprehensive income	-	122,383
Purchase	-	300,000
Proceeds from liquidation	(578,443)	-
Balance as of December 31, 2022	\$ 77,718	2,556,636
Balance as of January 1, 2021	\$ 605,511	2,124,983
Total gains and losses recognized in		
Profit or loss	54,708	-
Other comprehensive income	-	(27,497)
Purchase	32,250	41,845
Proceeds from capital reduction	-	(4,838)
Disposals	-	(240)
Balance as of December 31, 2021	\$ 692,469	2,134,253

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The aforementioned total gains and losses was recognized in "other gains and losses" and "unrealized gains and losses from financial assets at fair value through other comprehensive income". The detailed of the assets which the Company still held as of December 31, 2022 and 2021, were as follows:

	For the years ended December 31,	
	2022	2021
Total gains and losses recognized in:		
In profit or loss, and presented in "other gains and losses"	\$ (73,886)	54,708
In other comprehensive income, and presented in "unrealized gains and losses from financial assets at fair value through other comprehensive income"	122,383	(27,492)

5) Quantified information for significant unobservable inputs (Level 3) used in fair value measurement

The Company uses level 3 inputs to measure fair value through profit or loss, and fair value through other comprehensive income financial assets.

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 profit or loss—financial instruments without an active market	Comparable Listed Companies Method	<ul style="list-style-type: none"> Market Multiple (0.99~2.04) Discount due to Lack of Market liquidity (30%) 	<ul style="list-style-type: none"> The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through profit or loss—equity instruments investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> Net Asset Value 	<ul style="list-style-type: none"> Not applicable
Financial assets at fair value through profit or loss—equity instruments investments without an active market	Comparable Listed Companies Method	<ul style="list-style-type: none"> Market Multiple (0.57~3.02) Discount due to Lack of Market liquidity (30%~50%) 	<ul style="list-style-type: none"> The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through other comprehensive income — equity instruments investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> Net Asset Value 	<ul style="list-style-type: none"> No applicable

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6) Sensitivity analysis for fair values of financial instruments using Level 3 Inputs

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

	Input	Variation	Impact on Fair Value Change on Net income or loss		Impact on Fair Value Change on Other Comprehensive income or loss		
			Favorable Change	Unfavorable Change	Favorable Change	Unfavorable Change	
December 31, 2022							
Financial assets at fair value through profit or loss							
Financial instruments without an active market	Discount Rate	0.5%	\$	389	(389)	-	-
Financial assets at fair value through other comprehensive income							
Equity instruments without an active market	Market Multiple	0.5%	-	-	12,783	(12,783)	
December 31, 2021							
Financial assets at fair value through other comprehensive income							
Equity instruments without an active market	Discount Rate	0.5%	\$	3,462	(3,462)	-	-
Financial assets at fair value through other comprehensive income							
Equity instruments without an active market	Market Multiple	0.5%	-	-	10,704	(10,704)	

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.

6. Offsetting financial assets and financial liabilities

The Company has financial instruments transactions, applicable to the International Financial Reporting Standards Sections 42 NO. 32 approved by the FSC, which required for offsetting. Financial assets and liabilities relating those transactions are recognized in the net amount of the balance sheets.

The Company also performs transactions not applicable to the International Financial Reporting Standards Sections 42 NO. 32, but the Company has an exercisable master netting arrangement or similar agreement in place with its counterparties, and both parties reach a consensus regarding net settlement. The aforesaid exercisable master netting arrangement or similar agreement can be net settled after offsetting the financial assets and financial liabilities. Otherwise, the transaction can be settled at the total amount. In the event of default involving one of the parties, the other party can have the transaction net settled.

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The following tables present the aforesaid offsetting financial assets and financial liabilities.

December 31, 2022						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	\$ 410,110	-	410,110	-	-	410,110
Accounts receivable and payable	5,037,453	3,854,667	1,182,786	-	-	1,182,786
Total	<u>\$ 5,447,563</u>	<u>3,854,667</u>	<u>1,592,896</u>	<u>-</u>	<u>-</u>	<u>1,592,896</u>
December 31, 2022						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	\$ 197,718	-	197,718	-	-	197,718
Accounts receivable and payable	4,529,802	3,854,667	675,135	-	-	675,135
	<u>\$ 4,727,520</u>	<u>3,854,667</u>	<u>872,853</u>	<u>-</u>	<u>-</u>	<u>872,853</u>
December 31, 2021						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	\$ 103,916	-	103,916	-	-	103,916
December 31, 2021						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	\$ 109,968	-	109,968	-	-	109,968

Note: Master netting arrangements are included.

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(w) Financial risk management

1. Overview

The Company have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying parent company only financial statements.

2. Risk management framework

The Company are exposed to credit risk, market risk, operating risk and liquidity risk due to its operating activities. To lower the latent unfavorable effects of changing market to the Company's financial performance, the Company have made efforts in identifying and evaluating the risks and avoiding the uncertainty of the market through derivative financial instruments.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The financial units follow the risk management policies, and report the operating status to the Board of Directors regularly. The internal auditors perform regular reviews by taking risk management control procedures and report to the Board of Directors.

3. Credit risk

Please refer to Note (6)(v) for the analysis of credit risk of cash, cash equivalent and accounts receivable.

4. Liquidity risk

Liquidity risk is a risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company use actual cost to estimate the cost of its products and services to better assist the Company's monitoring on the cash flow and optimizing the return on investment. As of December 31, 2022, the capital and working funds of the Company are sufficient to meet its entire contractual obligation; therefore, the management is not expecting any significant issue on liquidity risk. As of December 31, 2022 and 2021, the Company's unused credit line were amounted to \$36,947,603 and \$22,325,093, respectively.

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5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate, and equity prices which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Company.

1) Exchange rate risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company primarily the New Taiwan Dollars (TWD). The currencies used in these transactions are denominated in TWD and USD.

The Company often uses the principle of natural hedging as its basis, and proceed supplemented by derivative instruments for hedging exchange rate risk.

The interest is denominated in the same currency as borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Company's interest rate risk arises from long-term borrowings bearing floating interest rates. The fluctuation of the market interest rate changes the floating interest rates of the long-term borrowings, and thus affect the future cash flow. In order to decrease the effect of the market interest rate fluctuation on to the future cash flow, the Company periodically evaluates bank and currency borrowing rate to hedge the cash flow risk caused by the market interest rate fluctuation.

(x) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, additional paid-in capital, retained earnings of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company's objective for managing capitals is to maintain investor, creditor and market confidence, and to sustain future development of the business by making debts and capital the most suitable capital structure and optimizing the best of it based on industrial scales, future growth development, and capital expenditures needed for plants and equipment. Thus, the Company calculates the operating funds based on the life cycle of the products, plans for the development in the long run, and then decides the most suitable capital structure considering the business cycle.

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The Company ensures the financial resources and the operating plan are sufficient to support the future needs of operating funds, capital expenditures, debt refunding and dividend distribution.

The Company's debt to equity ratio at the reporting date was as follows:

	December 31, 2022	December 31, 2021
Total Liabilities	\$ 179,588,401	186,665,143
Less: cash and cash equivalents	<u>(17,934,207)</u>	<u>(12,188,253)</u>
Net debt	<u>161,654,194</u>	<u>174,476,890</u>
Total Equity	<u>\$ 59,554,058</u>	<u>57,084,704</u>
Debt to equity ratio	<u>271.44 %</u>	<u>305.65 %</u>

According to the Company's management, there were no changes in the Company's approach to capital management as of December 31, 2022.

(y) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2022 and 2021, were as follows:

1. For right-of-use assets under leases, please refer to Note (6)(i).

2. Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2022	Cash flows	Non-cash changes		December 31, 2022
			Reclassification	Foreign exchange movement	
Long-term borrowings	\$ 2,450,000	1,999,500	6,617,500	(321,000)	10,746,000
Short-term borrowings(including current portion of long-term borrowings)	39,895,717	(10,809,979)	(6,617,500)	(715,042)	21,753,196
Lease liabilities (note)	<u>8,492</u>	<u>(5,802)</u>	<u>6,984</u>	<u>-</u>	<u>9,674</u>
Total liabilities from financing activities	<u>\$ 42,354,209</u>	<u>(8,816,281)</u>	<u>6,984</u>	<u>(1,036,042)</u>	<u>32,508,870</u>

	January 1, 2021	Cash flows	Non-cash changes		December 31, 2021
			Reclassification	Foreign exchange movement	
Long-term borrowings	\$ 8,446,000	1,247,000	(7,217,500)	(25,500)	2,450,000
Short-term borrowings(including current portion of long-term borrowings)	24,493,173	8,348,131	7,217,500	(163,087)	39,895,717
Lease liabilities (Note)	<u>9,176</u>	<u>(5,854)</u>	<u>5,170</u>	<u>-</u>	<u>8,492</u>
Total liabilities from financing activities	<u>\$ 32,948,349</u>	<u>9,589,277</u>	<u>5,170</u>	<u>(188,587)</u>	<u>42,354,209</u>

Note: Reclassification is due to additions of lease and lease modification during the periods.

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(7) Related Parties Transactions

(a) Names and relationships with related parties

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

<u>Names of related party</u>	<u>Relationships with the Company</u>
Inventec Besta Co., Ltd.	Associates
Jiangsu Techuang Technology Co., Ltd.	Associates
Inventec Group Charity Foundation	Over one-third of total amount of fund donated by the Company
Inventec Corporation (Hong Kong) Ltd.	Subsidiary
Inventec Holding (North America) Corp.	Subsidiary
Inventec (Czech), s.r.o	Subsidiary
Inventec Development Japan Corporation	Subsidiary
Inventec Japan Corporation	Subsidiary
IEC (Cayman) Corporation	Subsidiary
Inventec (Cayman) Corp.	Subsidiary
Inventec Investment Co., Ltd.	Subsidiary
AIMobile Co., Ltd.	Subsidiary
Inventec Solar Energy Corporation	Subsidiary (Note 1)
InveneXt System Co., Ltd.	Subsidiary
Inventec Appliances Corp.	Subsidiary
Inventec Manufacturing (India) Private Limited	Substantive related party (Note 2)
E-TON Solar Tech Co., Ltd.	Substantive related party (Note 3)
IEC Technologies, S. de R.L. de C.V.	Indirect holding subsidiary
Inventec Appliances (Jiangning) Corp.	Indirect holding subsidiary

Note 1: Inventec Solar Energy Corp. resolved at its broad meeting on December 1, 2021, to file the bankruptcy to the court. As of December 31, 2022, the court has not yet announced the result of the ruling.

Note 2: Inventec Manufacturing (India) Private Limited, the company's subsidiary, has ceased operating since July 7, 2021 and is currently in the process of liquidation, resulting in the Company to lose control over it.

Note 3: E-TON Solar Tech Co., Ltd. has completed its liquidation on November 24, 2022.

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(b) Significant transactions with related parties

1. Sale

The amounts of significant sales transactions between the Group and related parties were as follows:

	For the years ended December 31,	
	2022	2021
Subsidiaries		
Inventec Holding (North America) Corp.	\$ 90,749,638	78,253,326
Inventec (Czech), s.r.o	1,878,228	24,182,011
Other subsidiaries	121,131	128,854
Associates	360	3,871
	\$ 92,749,357	102,568,062

After the Company receives the orders from all regions, the production and marketing department arranges to sell semi-finished products to the subsidiaries. The price is determined in accordance with mutual agreements. Since the subsidiaries are the overseas offices providing after-sales and assembling service, there is no other comparable objects, and the average collection terms are 90~105 days for sales.

For associates and other related parties, the price and terms were determined in accordance with mutual agreements with its collection terms of OA 90 days for sales. Receivables from related parties were not secured with collaterals.

Unrealized profit (loss) from sales to the subsidiaries of the Company for the years ended December 31, 2022 and 2021 were \$22,319 and \$17,934, respectively.

2. Purchase

The amounts of significant purchase transactions between the Company and related parties were as follows:

	For the years ended December 31,	
	2022	2021
Subsidiaries		
Inventec Corporation (Hong Kong) Ltd.	312,366,949	329,539,123
Other subsidiaries	1,224,937	6,979,023
	\$ 313,591,886	336,518,146

For the Company's purchase of materials used for after-sales service from subsidiaries, the price and terms were determined in accordance with mutual agreements with payment terms of 60~105 days.

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3. Accounts receivable from related parties

The amounts of accounts receivable between the Company and related parties were as follows:

<u>Account</u>	<u>Related Party Categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	Subsidiaries		
	Inventec Holding (North America) Corp.	\$ 28,808,753	31,814,854
	Inventec (Czech), s.r.o	554,003	3,655,074
	Other subsidiaries	21,148	19,206
	Associates	-	4
Other receivables	Subsidiaries		
	Inventec Corporation (Hong Kong) Ltd.	66,771,166	57,988,820
	Other subsidiaries	34,994	4,020
	Associates	<u>2</u>	<u>2,471</u>
		<u>\$ 96,190,066</u>	<u>93,484,449</u>

Note: Other receivables from subsidiaries are mainly generated from purchasing material on behalf of subsidiaries.

4. Accounts payable to related parties

The amounts of accounts payables between the Company and related parties were as follows:

<u>Account</u>	<u>Related Party Categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable	Subsidiaries		
	Inventec Corporation (Hong Kong) Ltd.	\$ 78,674,841	68,023,513
	Other subsidiaries	280,405	942,655
	Associates	292	-
Other payables	Subsidiaries	224,094	36,844
	Associates	<u>19,722</u>	<u>1,256</u>
		<u>\$ 79,199,354</u>	<u>69,004,268</u>

Note: Other payables are mainly the payments of computer software, toolings, payment on behalf of others and software development.

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5. Property transactions

1) Acquisition of property, plant, equipment and other assets

The amounts of acquisition of property, plant and equipment between the Company and related parties were as follows:

	For the years ended December 31,	
	2022	2021
E-TON Solar Tech Co., Ltd.	\$ 308,880	-
Inventec Solar Energy Corporation	119,822	8,960
Other subsidiaries	402	5,375
Associates	38,826	5,580
	\$ 467,930	19,915

2) Disposal of property, plant and equipment and other assets

For the year ended December 31, 2022, the Company sold machinery, office equipment and software to subsidiaries. The total prices and gain on property disposal were \$3,901 and \$2,269, respectively.

For the year ended December 31, 2021, the Company sold machinery, office equipment and software to subsidiaries. The total prices and gain on property disposal were \$9,608 and \$1,399, respectively.

3) In 2000, the Company paid property, deferred assets, assets stated under expense to investment Inventec Appliances Corp. resulting in gain on disposal of \$103,713 and other revenue of \$31,693. In addition, selling of property, plant and equipment, deferred assets and assets stated under expense has generated gain on disposal of \$5,829 and other revenue of \$6,427. As of December 31, 2022 and 2021, the unrealized gain on property disposal were \$17,361 and \$18,124, respectively.

4) In 1999, the Company sold property, deferred assets, assets stated under expense and trademarks to Inventec Besta Co., Ltd., resulting in a gain on property disposal of \$51,712 and other revenue of \$40,453. As of December 31, 2022 and 2021, the unrealized other revenues are both \$1,211.

6. After-sale service, product processing and support services

The payments of after-sale service, product processing and support services to related parties were as follows:

	For the years ended December 31,	
	2022	2021
Subsidiaries		
Inventec Holding (North America) Corp.	\$ 323,786	305,821
Inventec Corporation (Hong Kong) Ltd.	280,450	279,543
Inventec (Czech), s.r.o.	792,717	549,505
	\$ 1,396,953	1,134,869

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7.Acquisition of investments accounted for using equity method

The Board of directors resolved to establish InveneXt System Co., Ltd. on September 27, 2022. The Company invested 5,000,000 shares, amounting to \$50,000, and the shareholding ratio is 100%.

Inventec Holding (North America) Corp., through a resolution of the Board of Directors, made a cash capital increase on November 12, 2021. With January 21, 2022, July 7, 2022, November 9, 2022 as the base date for capital increase, the Company invested 10,000 shares, amounting to \$2,981,400, and the shareholding ratio remained at 100%.

Inventec Holding (North America) Corp. through a resolution of the Board of Directors, made a cash capital increase on November 12, 2021. With December 22, 2021 as the base date for capital increase, the Company invested 700 shares, amounting to \$194,740, and the shareholding ratio remained at 100%.

8.Others

1) Rental and building management fee collected from and related parties were as follows:

	For the years ended December 31,	
	2022	2021
Subsidiaries	\$ 6,568	6,857
Associates	1,761	5,112
Other related parties	13,254	-
	\$ 21,583	11,969

2) For the years ended December 31, 2022 and 2021, the amount of donation to other related parties were \$10,000 and \$10,000, respectively.

9.Guarantees and endorsements

For the year ended December 31, 2022 and 2021, the Company provided a guarantee of \$307,000 and \$276,700, respectively, for a bank loan to IEC Technologies, S. de R.L.de C.V., with the balance of the endorsement guarantee \$307,000 and \$276,700, respectively, as of the end of the period.

For the year ended December 31, 2022, the Company provided a guarantee of \$15,350 for the foreign exchange and derivative financial instruments to Inventec (Czech), s.r.o, with the balance of the endorsement guarantee \$15,350 as of the end of the period.

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(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	\$ 442,810	343,776
Post-employment benefit	5,467	4,500
	<u>\$ 448,277</u>	<u>348,276</u>

(8) Pledged Assets

The carrying amounts of assets pledged as security were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Refundable deposits (Other non-current assets)	Customs duty guarantee, membership guarantee and secured deposits	\$ 183,264	32,403
Restricted assets (Other non-current assets)	The account of repatriated offshore funds	130,735	117,832
Land, buildings, and constructions (Property, plant and equipment)	Long-term borrowings	5,733,610	5,786,971
Total		<u>\$ 6,047,609</u>	<u>5,937,206</u>

(9) Significant Commitments and Contingencies

(a) Major Commitments:

1.Unused standby letters of credit were as follows: None.

2.Promissory notes issued for the bank credit and MOEA TDP performance guarantee were as follows:

	December 31, 2022	December 31, 2021
TWD	\$ 14,571,250	15,581,250
USD (in thousands)	1,724,000	1,693,000

(b) Contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

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(12) Other

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

By function By item	For the years ended December 31, 2022			For the years ended December 31, 2021		
	Operating costs	Operating and non-operating expense	Total	Operating costs	Operating and non-operating expense	Total
Employee benefits						
Salary	1,042,895	5,401,458	6,444,353	1,007,489	5,076,433	6,083,922
Labor and health insurance	91,420	394,487	485,907	97,448	379,167	476,615
Pension	31,582	217,534	249,116	32,713	205,409	238,122
Remuneration of directors	-	78,182	78,182	-	93,072	93,072
Others	36,568	149,612	186,180	32,986	131,365	164,351
Depreciation	328,237	309,483	637,720	315,292	319,189	634,481
Amortization	58,418	360,003	418,421	73,535	577,226	650,761

The Company For the years ended December 31, 2022 and 2021 employees and employee benefits expenses were as follows:

	2022	2021
Number of employees	<u>5,584</u>	<u>5,668</u>
Number of directors who were not employees	<u>4</u>	<u>4</u>
The average employee benefit	<u>\$ 1,320</u>	<u>1,229</u>
The average salaries and wages	<u>\$ 1,155</u>	<u>1,074</u>
The adjustment rate of average employee salaries	<u>7.54 %</u>	<u>3.67 %</u>
Remuneration of by supervisors	<u>\$ -</u>	<u>-</u>

The Company's salary and remuneration policy (including directors, supervisors, managers and employees) are as follows:

The Company's salary and remuneration policy is committed to link with performance and future risks to implement a performance-oriented remuneration system.

The remuneration system considers the Company's operating objectives along with financial status and comprehensively evaluates various categories such as performance and makes differentiated assessments based on individual contributions.

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- 1.Regardless operating profit or loss of the Company's business, the Company shall pay remuneration regularly to all directors. The remuneration is determined by the participation to the Company's operating performance of directors, the value of directors' contribution to the Company's operations, and peer salary levels, then are reviewed by the remuneration committee and are submitted to the board of directors for further decision.
- 2.The individual salary and remuneration of directors and managers shall refer to the general salary level of peers. It should also consider personal duties, contributions, performance, and conjunct with the Company's operational risk management and sustainable operating performance. Policies should be reviewed by the remuneration committee and sent to the Board of Directors for further decision.
- 3.The employee's remuneration includes monthly salary based on job grades, bonuses in accordance to performance, and remuneration measured on the level of Company's profitability.

Note: The Company's Articles of Association specify that no less than 3% of profit shall be allocated for employees' remuneration and no more than 3% of profit shall be allocated for directors' remuneration.

(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 Company for the year ended December 31, 2022:

1. Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Inventec Appliances (Nanjing) Corp.(Note 2)	Inventec Appliances (XI'AN) Corporation	Other receivables	Y	101,936	39,672	17,632	3.045%	2	-	Working Capital	-	None	-	395,544	395,544
2	Inventec Appliances (Shanghai) Co., Ltd.(Note 2)	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Other receivables	Y	267,180	132,240	132,240	3.045%	2	-	"	-	"	-	1,515,747	1,515,747
2	"	Inventec Appliances (Pudong) Corp.	Other receivables	Y	942,480	925,680	-	-	2	-	"	-	"	-	1,515,747	1,515,747
3	Inventec Appliances Corp. (Note 3)	Inventec Appliances (Malaysia) SDN.BHD.	Other receivables	Y	1,449,450	1,381,500	1,379,790	1.60%	2	-	"	-	"	-	1,522,664	3,045,327
4	Inventec Appliances (Nanjing)Corp.(Note 2)	Inventec Appliances (Malaysia) SDN.BHD.	Other receivables	Y	1,191,770	1,135,900	-	-	2	-	"	-	"	-	3,555,823	3,555,823

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Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral	Item	Value	Individual funding loan limits	Maximum limit of fund financing
5	Inventec (Pudong) Corp. (Note 4)	Inventec Asset-Management (Shanghai) Corporation	Other receivables	Y	3,028,040	1,586,880	1,410,560	5.175%	2	-	-	-	-	-	-	1,727,450	1,727,450

Note 1: (1)Those with business contact, please fill in 1.

(2)Those necessary for short term financing, please fill in 2.

Note 2: Among Subsidiaries which the parent company holds 100% voting power, aggregate amount of loans shall not exceed the Company's net worth as stated in its latest financial report, and each amount of loans shall not exceed 100 percent of the permitted aggregate amount of loans of the company.

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

Note 4: Where an inter-company or inter-firm short-term financing facility is necessary, total financing amount shall not exceed 40 percent of the company's net worth as stated in its latest financial report. Each financing amount shall not exceed 100 percent of the permitted aggregate amount of loans of the company.

Note 5: The transactions in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

2. Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements /guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsement s/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	IEC Technologies, S.DE R.L. DE C.V.	2	29,777,029	322,100	307,000	-	-	0.52 %	29,777,029	Y	N	N
0	"	Inventec (Czech), s.r.o.	2	29,777,029	16,105	15,350	-	-	0.03 %	29,777,029	Y	N	N
1	Inventec Appliances Corp.	Inventec Appliances (Malaysia) SDN. BHD.	2	3,806,659	2,801,018	2,785,484	924,155	-	36.59 %	3,806,659	Y	N	N

Note 1: The relationship between the entity for which the endorsement/guarantee is made and the Company:

1.The Company has business relationship.

2.Subsidiaries in which the Company holds more than 50 percent of its voting power.

3.A investee in which the Company and subsidiary holds more than 50 percent of its voting shares.

4.Subsidiaries in which the Company holds more than 90 percent of its voting power.

5.Companies in accordance with contractual provisions established by mutual applicants or in need of project.

6.Companies that are endorsed and guaranteed by all capital shareholders based on their shareholding ratio due to a joint investment relationship.

7.The performance of pre-sale house sales contract between intra-industry companies is in accordance with the Consumer Protection Law required joint guarantees.

Note 2: Both the aggregate amount of endorsements/guarantees and the amount of endorsements/guarantees for a single enterprise by the Company's cannot exceed 50 percent of its net worth as stated in its latest financial statement.

Note 3: Both the aggregate amount of endorsements/guarantees and the amount of endorsements/guarantees for a single enterprise by Inventec Appliance Corp. cannot exceed 50 percent of its net worth as stated in its latest financial statement.

Note 4: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

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3. Securities held as balance sheet date (excluding investment 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				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	WIN Semiconductors Corp.	-	Current financial assets at fair value through other comprehensive income	4,063	554,557	0.96 %	554,557	
"	Amphastar Pharmaceuticals Inc.	-	Non-current financial assets at fair value through other comprehensive income	26	22,199	0.05 %	22,199	
"	Arima Communications Corp.	-	"	7,390	37,689	10.15 %	37,689	
"	Tomorrow Studio Co., Ltd	-	"	29	94	0.15 %	94	
"	Tai Yi Precision Corporation	-	"	2,540	-	6.67 %	-	
"	New E Materials Co., Ltd.	-	"	1,760	8,078	16.00 %	8,078	
"	Top Taiwan Xiv Venture Capital Co., Ltd.	-	"	30,000	291,600	13.76 %	291,600	
"	Rasilient Systems, Inc. preference share	-	"	3,632	-	6.20 %	-	
"	SKSpruce Holding Limited preferred stock	-	"	3,746	26,852	3.72 %	26,852	
"	CloudMosa Technologies, Inc. preferred stock	-	"	235	35,395	2.16 %	35,395	
"	QEEXO, Co. preferred stock	-	"	568	30,606	3.08 %	30,606	
"	Rescale, Inc. preferred stock	-	"	355	6,946	1.16 %	6,946	
"	Sensel, Inc. preferred stock	-	"	532	14,123	2.58 %	14,123	
"	ASOCS LTD. preferred stock	-	"	360	-	1.43 %	-	
"	Atayalan, Inc. preferred stock	-	"	1,553	4,569	3.70 %	4,569	
"	ZT Group Int'l, Inc.	-	"	-	2,138,373	10.00 %	2,138,373	
"	SKSpruce Holding Limited convertible short-term note	-	Current financial assets at fair value through profit or loss	-	10,557	- %	10,557	
"	Empass Technology	-	Non-current financial assets at fair value through profit or loss	560	11,722	6.71 %	11,722	
"	Entire Technology Co., Ltd.	-	"	3,260	65,461	4.13 %	65,461	
"	Imedtac Co., Ltd.	-	"	1,200	40,431	8.43 %	40,431	
"	TMY Technology Inc.	-	"	2,857	12,538	8.00 %	12,538	
"	Enflex Corporation	-	"	750	2,470	0.92 %	2,470	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Inventec (Cayman) Corp.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	30,000	1,194,630	13.17 %	1,194,630	
Saint Investment Consulting Corporation	Shanghai StarFive Technology Co., Ltd.	-	"	17	2,820	0.66 %	2,820	
"	Guangdong StarFive Technology Co., Ltd.	-	"	522	85,341	0.66 %	85,341	
Inventec (Chongqing) Corp.	Kunshan Joing Technology Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	5,948	71,652	2.96 %	71,652	
Inventec Hi-Tech Corp.	SCSB Winners Yijing Ling Financial Product	-	Current financial assets at fair value through profit or loss	-	220,400	- %	220,400	
Inventec (Beijing) Electronics Technology Co., Ltd.	Bank of Communications Wintofortune Wealth Management (No.2) products	-	"	-	21,832	- %	21,832	
"	Bank of Communications Wintofortune Wealth Management (No.1) products	-	"	-	31,772	- %	31,772	
Inventec Electronics (Tianjin) Co., Ltd.	Bank of Communications Wintofortune Wealth Management (No.1) products	-	"	-	42,255	%	42,255	
"	Bank of Communications Wintofortune Wealth Management (No.1) products	-	"	-	43,844	- %	43,844	
"	Bank of Communications Wintofortune Wealth Management (No.2) products	-	"	-	44,814	- %	44,814	
Inventec Development Japan Corporation	Famm Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	100	14,149	16.00 %	14,149	
Inventec Investments Co., Ltd.	ENNOSTAR Inc.	-	Current financial assets at fair value through profit or loss	881	39,406	0.12 %	39,406	
"	UCFUNNEL CO LTD	-	Non-current financial assets at fair value through other comprehensive income	83	15,086	5.00 %	15,086	
"	Sagacity Tech. Co., Ltd.	-	"	79	449	15.00 %	449	
"	Living Pattern Technology Inc.	-	"	4	408	13.70 %	408	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Inventec Appliances Corp.	SCOPE INDUSTRIES BERHAD	-	Non-current financial assets at fair value through other comprehensive income	84,444	108,617	7.32 %	108,617	
"	Rong Cheng Tech. Co., Ltd.	-	"	1,950	-	9.38 %	-	
"	Tai Yi Precision Corporation	-	"	635	-	1.67 %	-	
"	Siano Mobile Silicon Inc.	-	"	461	-	0.15 %	-	
"	All People Health Social Enterprise Co., Ltd.	-	"	100	1,000	14.29 %	1,000	
"	GCT Semiconductor, Inc.	-	"	93	-	0.12 %	-	
"	Pandigital Worldwide, Ltd. preferred stock	-	"	939	-	4.80 %	-	
"	BGTMobile Corporation	-	"	314	-	2.88 %	-	
"	Linc Global Inc. (Proximiant, Inc.) preferred stock	-	"	594	-	5.30 %	-	
"	Molekule, Inc. preferred stock	-	"	160	-	0.12 %	-	
"	XMEMS LABS INC	-	"	3,375	57,488	3.78 %	57,488	
"	Cardio Ring Technologies, Inc. convertible long-term note	-	Non-current financial assets at fair value through profit or loss	-	20,783	- %	20,783	
Inventec Appliances (Cayman) Holding Corp.	Siano Mobile Silicon Inc.		Non-current financial assets at fair value through other comprehensive income	99	-	0.03 %	-	
"	Leadtone Limited(Class B preferred stock)		"	1,250	-	2.36 %	-	
"	Digital Chaotex Holdings Ltd.(Class A2 preferred stock)		"	446	-	2.08 %	-	

Note 1: The transactions in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Security type and name (Note 1)	Account name (Note 1)	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Inventec Holding (North America) Corp. ordinary shares	Investments accounted for using equity method	Cash Capital Increase	Related parties	2,001	1,496,415	10	3,401,317	-	-	-	-	2,011	4,897,732
Inventec Holding (North America) Corp.	IEC TECHNOLOGIES, S. DE R.L. DE C.V.	"	"	"	160,484	514,373	1,500,000	2,498,420	-	-	-	-	1,660,484	3,012,792
The Company	Top Taiwan Xiv Venture Capital Co., Ltd.	Non-current financial assets at fair value through other comprehensive income	Incorporation by solicitation	Non-related parties	-	-	30,000	291,600	-	-	-	-	30,000	291,600

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Name of company	Security type and name (Note 1)	Account name (Note 1)	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Inventec Hi-Tech Corp.	SCSB Ching Hsiang Li series open-end wealth management products	Current financial assets at fair value through profit or loss	Bank of Shanghai	Non-related parties	-	-	-	443,100	-	444,770	443,100	1,670	-	-
"	SCSB Winners Zhan Chong Jun Xiang Financial Product	"	"	"	-	433,992	-	9,108	-	453,185	443,100	10,085	-	-

Note 1: The amounts above are valued at exchange rate.

Note 2: The transactions in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

5. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Property, plant, and equipment	April 26, 2022	308,880	100%	E-TON Solar Tech. Co., Ltd.	Liquidated investee company	JL-EE INDUSTRY CO., LTD.	Non-related parties	In December of 2009	503,854	Appraisal report of Evermore Valuation: TWD 480,556	Owner-occupied plant	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:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Inventec Holding (North America) Corp.	Subsidiary	Sales	90,749,638	20.06 %	105 days	Negotiated price	No general trading partner can be compared.	28,808,753	36.22 %	
"	Inventec (Czech), s.r.o.	"	Sales	1,878,228	0.42 %	105 days	"	"	554,003	0.70 %	
"	AIMobile Co., Ltd.	"	Sales	114,899	0.03 %	60 days	"	"	21,148	0.03 %	
"	Inventec Corporation (Hong Kong) Ltd.	"	Purchases	312,366,949	70.71 %	90-105 days	"	"	(78,674,841)	70.86 %	
"	Inventec Appliances (Nanjing) Corp.	"	Purchases	141,774	0.03 %	90 days	"	"	(24,122)	0.02 %	
"	Inventec Holding (North America) Corp.	"	Purchases	450,779	0.10 %	105 days	"	"	(161,151)	0.15 %	
"	Inventec (Czech), s.r.o.	"	Purchases	632,205	0.14 %	105 days	"	"	(95,132)	0.09 %	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec Holding (North America) Corp.	The Company	Parent	Purchases	90,749,638	96.44 %	105 days	Negotiated price	No general trading partner can be compared.	(28,808,753)	99.14 %	
"	"	"	Sales	450,779	0.46 %	105 days	"	"	161,151	1.06 %	
"	SQ Technology (Shanghai) Corporation	Associates	Sales	280,181	0.29 %	105 days	"	"	19,769	0.13 %	
Inventec (Czech), s.r.o.	The Company	Parent	Purchases	1,878,228	93.05 %	105 days	"	"	(554,003)	91.27 %	
"	"	"	Sales	632,205	77.99 %	105 days	"	"	95,132	33.11 %	
Inventec Corporation (Hong Kong) Ltd.	"	"	Sales	312,366,949	100.00 %	90-105 days	"	"	78,674,841	53.97 %	
"	Inventec (Pudong) Technology Corp.	Associates	Purchases	30,073,990	9.63 %	105 days	"	"	(11,207,929)	7.69 %	
"	SQ Technology (Shanghai) Corporation	"	Purchases	12,858,158	4.12 %	105 days	"	"	(8,604,858)	5.91 %	
"	Inventec (Chongqing) Corp.	"	Purchases	269,434,355	86.26 %	90 days	"	"	(58,862,054)	40.41 %	
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	"	Sales	30,073,990	80.01 %	105 days	"	"	11,207,929	87.41 %	
"	SQ Technology (Shanghai) Corporation	"	Sales	5,199,631	13.83 %	105 days	"	"	993,473	7.75 %	
"	SQ Technology (Shanghai) Corporation	"	Purchases	430,915	1.28 %	105 days	"	"	(247,177)	2.48 %	
"	Inventec (Shanghai) Corp.	"	Sales	249,645	0.66 %	105 days	"	"	59,698	0.47 %	
Inventec (Shanghai) Corp.	SQ Technology (Shanghai) Corporation	"	Purchases	9,144,899	97.34 %	105 days	"	"	(75,840)	55.95 %	
"	Inventec (Pudong) Technology Corp.	"	Purchases	249,645	2.66 %	105 days	"	"	(59,698)	44.05 %	
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	"	Sales	269,434,355	99.60 %	90 days	"	"	58,862,054	99.89 %	
"	AlMobile Co., Ltd.	"	Sales	195,761	0.07 %	90 days	"	"	39,265	0.07 %	
SQ Technology (Shanghai) Corporation	Inventec Corporation (Hong Kong) Ltd.	"	Sales	12,858,158	21.98 %	105 days	"	"	8,604,858	33.27 %	
"	Inventec (Shanghai) Corp.	"	Sales	9,144,899	15.63 %	105 days	"	"	75,840	0.29 %	
"	Inventec (Pudong) Technology Corp.	"	Sales	430,915	0.74 %	105 days	"	"	247,177	0.96 %	
"	Inventec (Pudong) Technology Corp.	"	Purchases	5,199,631	8.64 %	105 days	"	"	(993,473)	3.84 %	
"	Inventec Holding (North America) Corp.	"	Purchases	280,181	0.47 %	105 days	"	"	(19,769)	0.08 %	
SQ Technology (Shanghai) Corporation	Yingtengda (Guangdong) Technology Co., Ltd.	Affiliate	Sales	1,597,835	2.73 %	75 days	"	"	1,284,109	4.97 %	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	Associates	Purchases	21,648,802	74.07 %	1-2 months	Negotiated price	No general trading partner can be compared.	(7,184,653)	81.50 %	
"	Inventec Appliances (Nanjing) Corp.	"	Purchases	804,680	2.75 %	1-2 months	"	"	(91,936)	1.04 %	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Purchases	354,476	1.21 %	1-2 months	"	"	(25,012)	0.28 %	
"	Inventec Appliances (Malaysia) SDN. BHD.	"	Purchases	2,829,677	9.68 %	1-2 months	"	"	(788,502)	8.95 %	
"	Inventec Appliances (USA) Distribution Corp.	"	Sales	589,887	1.87 %	1-2 months	"	"	105,876	1.85 %	
Inventec Appliances (USA) Distribution Corp.	Inventec Appliances Corp.	"	Purchases	589,887	100.00 %	1-2 months	"	"	(105,876)	100.00 %	
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	"	Sales	21,648,802	98.21 %	1-2 months	"	"	7,184,653	96.50 %	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Sales	155,100	0.66 %	90 days	"	"	139,523	1.87 %	
"	Inventec Appliances (Malaysia) SDN. BHD.	"	Sales	142,378	0.60 %	90 days	"	"	117,392	1.58 %	
"	Inventec Appliances (Malaysia) SDN. BHD.	"	Purchases	973,012	5.05 %	90 days	"	"	(330,051)	6.88 %	
Inventec Appliances (Nanjing) Corp.	Inventec Appliances Corp.	"	Sales	804,680	19.64 %	1-2 months	"	"	91,936	15.03 %	
"	The Company	Parent	Sales	141,774	3.50 %	90 days	"	"	24,122	3.94 %	
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Inventec Appliances Corp.	Associates	Sales	354,476	99.52 %	60 days	"	"	25,012	99.55 %	
"	Inventec Appliances (Pudong) Corp.	"	Purchases	155,100	70.50 %	90 days	"	"	(139,523)	95.70 %	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec Appliances (Malaysia) SDN. BHD.	Inventec Appliances Corp.	Associates	Sales	2,829,677	74.61 %	1-2 months	Negotiated price	No general trading partner can be compared.	788,502	70.37 %	
"	Inventec Appliances (Pudong) Corp.	"	Sales	973,012	25.65 %	90 days	"	"	330,051	29.45 %	
"	Inventec Appliances (Pudong) Corp.	"	Purchases	142,378	3.76 %	90 days	"	"	(117,392)	11.61 %	
AIMobile Co., Ltd.	The Company	Parent	Purchases	114,899	36.17 %	60 days	"	"	(21,148)	34.58 %	
"	Inventec (Chongqing) Corp.	Associates	Purchases	195,761	61.29 %	90 days	"	"	(39,265)	64.20 %	

Note 1: Based on the negotiated price while trading.

8. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock:

(Expressed in Thousands of New Taiwan Dollars)

Name of company	Counter party	Relationship	Ending balance	Turnover	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Inventec Holding (North America) Corp.	Subsidiary	28,808,753	2.99	1,773,370	Received in the subsequent period	11,289,352	-
"	Inventec (Czech), s.r.o.	Subsidiary	554,003	0.89	352,945	Received in the subsequent period	98,857	-
"	Inventec Corporation (Hong Kong) Ltd. (Note)	Subsidiary	66,771,166	-	17,955,084	Received in the subsequent period	22,520,722	-
Inventec Holding (North America) Corp.	The Company	Parent	161,151	2.11	-		115,302	-
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	78,674,841	4.26	14,184,837	Received in the subsequent period	35,411,511	-
"	Inventec (Pudong) Technology Corp.	Associates	4,242,794	-	1,984,258	Received in the subsequent period	529	-
"	SQ Technology (Shanghai) Corporation	Associates	21,149,856	-	9,356,968	Received in the subsequent period	2,795,682	-
"	Inventec (Chongqing) Corp.	Associates	41,378,516	-	6,613,858	Received in the subsequent period	19,724,511	-
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	11,207,929	3.38	1,609,711	Received in the subsequent period	993,165	-
"	SQ Technology (Shanghai) Corporation	Associates	993,473	1.53	-		684,736	-
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	58,862,054	4.67	8,790,413	Received in the subsequent period	32,687,960	-
SQ Technology (Shanghai) Corporation	Inventec Corporation (Hong Kong) Ltd.	Associates	8,604,858	1.89	3,784,712	Received in the subsequent period	1,730,386	-
"	Yingtengda (Guangdong) Technology Co., Ltd.	Affiliate	1,284,109	2.40	149,637	Received in the subsequent period	1,283,960	-
"	Inventec (Pudong) Technology Corp.	Associates	247,177	2.00	106,625	Received in the subsequent period	196	-
Inventec Appliances Corp.	Inventec Appliances (USA) Distribution Corp.	Associates	105,876	3.45	-		74,274	-
"	Inventec Appliances (Pudong) Corp.	Associates	369,627	3.67	119,941	Received in the subsequent period	202,428	-

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Name of company	Counter party	Relationship	Ending balance	Turnover	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	Associates	7,184,653	3.04	-		3,472,308	-
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Associates	139,523	0.84	127,686	Received in the subsequent period	18,859	-
"	Inventec Appliances (Malaysia) SDN. BHD.	Associates	117,392	2.29	-		-	-
Inventec Appliances (Malaysia) SDN. BHD.	Inventec Appliances Corp.	Associates	788,502	5.34	-		366,601	-
"	Inventec Appliances (Pudong) Corp.	Associates	330,051	3.38	-		210,322	-

Note 1: The receivables were not yielded by sales or purchases; therefore there is no turnover rate.

9. Trading in derivative instruments: Please refer to notes (6)(b) and (6)(v).

(b) Information on investment:

The following is the information on investees for the year ended December 31, 2022 (excluding investees in Mainland China):

(In Thousands of New Taiwan Dollars, Except for Share Data)

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
The Company	Inventec Besta Co., Ltd.	Taipei	Electronic dictionary	420,347	420,347	23,405	37.53 %	222,154	(86,888)	(32,607)	Investment accounted for using equity method
"	Inventec Corporation (Hong Kong) Ltd.	Hong Kong	Trading	167,162	167,162	2,500	100.00 %	417,502	15,722	15,722	Subsidiary
"	Inventec Holding (North America) Corp.	USA	Holding Company	3,335,143	353,743	2,011	100.00 %	4,897,732	158,727	158,727	"
"	Inventec Appliances Corp.	New Taipei City	Intelligent device products	9,656,877	9,656,877	536,857	100.00 %	8,382,773	(211,657)	(211,657)	"
"	Inventec (Cayman) Corp.	Cayman	Holding Company	9,812,963	9,812,963	301,768	100.00 %	26,681,541	(223,128)	(223,128)	"
"	IEC (Cayman) Corporation	Cayman	Holding Company	739,500	739,500	25,000	100.00 %	1,774,967	212,028	212,028	"
"	Inventec (Czech), S.R.O.	Czech	Production and sales of computer products	85,921	85,921	-	100.00 %	231,522	49,496	49,496	"
"	Inventec Investment Co., Ltd.	Taipei	Investment Company	1,000,000	1,000,000	108,800	100.00 %	68,239	(22,354)	(22,354)	"
"	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	1,087,800	1,087,800	108,150	33.45 %	(661,071)	(45,374)	(27,818)	"
"	Inventec Development Japan Corporation	Japan	Trading	630,845	630,845	45	100.00 %	19,943	(644)	(644)	"

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
The Company	Inventec Japan Corporation	Japan	Trading and management service	2,954	2,954	-	100.00 %	3,165	220	220	Subsidiary
"	AIMobile Co., Ltd.	Taipei	Developing, production and sales of intelligent mobile devices	80,300	182,500	8,030	73.00 %	44,806	(44,010)	(32,150)	"
"	InvenetXt System Co., Ltd.	Taipei	Production and sales of 5G equipment	50,000	-	5,000	100.00 %	49,872	(128)	(128)	"
Inventec Investment Co., Ltd.	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	150,000	150,000	15,000	4.64 %	(95,684)	(45,374)	-	Associate Company
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Cayman	Holding Company	6,126,941	6,126,941	199,575	100.00 %	12,791,356	(896,866)	-	"
"	Inventec Appliances (Vietnam) Company Limited	Vietnam	Production and sales of intelligent devices	92,100	-	-	100.00 %	89,688	(2,322)	-	"
"	Gainia Intellectual Asset Services, Inc.	Taipei	Intellectual property rights integrative services	6,240	6,400	189	35.87 %	937	102	-	Investment accounted for using equity method
"	Good Future Biomedical Technology Corp.	Taoyuan	Biotechnology services and retail sale and wholesale of medical devices	23,712	23,712	9,120	30.00 %	20,644	(5,298)	-	"
"	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	311,160	311,160	30,930	9.57 %	(197,300)	(45,374)	-	Associate Company
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	USA	Marketing promotion	24,560	24,560	400	100.00 %	101,920	971	-	"
"	Inventec Appliances Corporation USA, Inc.	"	Sales services	1,535	1,535	10	100.00 %	15,745	808	-	"
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	Malaysia	Production and sales of intelligent devices	881,482	881,482	121,000	100.00 %	(95,639)	(603,838)	-	"

Note 1: The transactions in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

Note 2: According to the regulations, the Company are not required to disclose the share of income / loss of investees..

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(c) Information on investment in Mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow						
Inventec (Shanghai) Service Co., Ltd	Sales of computer products	322,786	(2)	61,400	-	-	61,400	26,462	100.00 %	26,462	282,101	30,234
Inventec (ChongQing) Service Co., Ltd	Sales of computer products	30,700	(2)	30,700	-	-	30,700	642	100.00 %	642	40,673	-
Inventec(Pudong) Co.,Ltd	Sales of computer products	1,535,000	(2)	1,535,000	-	-	1,535,000	74,189	100.00 %	74,189	4,318,626	-
Inventec (Shanghai) Co.,Ltd.	Sales of computer products	2,107,774	(2)	905,650	-	-	905,650	40,154	100.00 %	(17,718)	1,884,671	-
Inventec (ChongQing) Corporation	Production and sales of computer products	2,302,500	(2)	2,302,500	-	-	2,302,500	1,458,411	100.00 %	1,458,411	11,862,852	2,242,107
Inventec (Pudong) Technology Corp.	Production and sales of computer products	1,798,766	(2)	1,535,000	-	-	1,535,000	(1,539,436)	100.00 %	(1,542,084)	7,901,543	321,599
Inventec Electronics (Tianjin) Co.,Ltd.	Electronic product software development	153,500	(2)	130,475	-	-	130,475	17,712	100.00 %	17,712	262,612	149,517
Inventec Electronics (Beijing) Co.,Ltd.	Electronic product software development	44,515	(2)	44,515	-	-	44,515	(3,173)	100.00 %	(3,173)	77,276	-
Inventec Hi-Tech Corporation	Sales of computer products	1,535,000	(2)	1,535,000	-	-	1,535,000	(32,065)	100.00 %	(32,065)	1,692,107	-
Inventec Asset-Management(Shanghai) Corporation	Leasing	1,887,528	(3)	-	-	-	-	(27,947)	78.00 %	(21,799)	1,348,270	-
Saint Investment Consulting Corporation	Business management	220,400	(3)	-	-	-	-	27,850	100.00 %	27,850	245,301	-
SQ Technology (Shanghai) Corporation	Production and sales of computer products	235,046	(3)	-	-	-	-	(1,278,964)	100.00 %	(1,278,964)	(505,942)	-
Truswe (ChongQing) Technology Co.,Ltd	Sales of electronic products	132,240	(3)	-	-	-	-	(14,608)	20.00 %	(2,922)	22,676	-
Yingtengda(Guangdong) Technology Co., Ltd. (Note 8)	Production and sales of computer products	44,080	(3)	-	-	-	-	17,391	15.00 %	-	36,113	-
Testron Technology(Jiangsu) Co., Ltd.	Production and sales of electronic products	122,594	(3)	-	-	-	-	144,541	9.99 %	27,997	97,499	-
Shanghai Haixin Electronic Technology Co., Ltd.	Production and sales of electronic products	9,676	(3)	-	-	-	-	(3,010)	18.00 %	(542)	43,541	-
Inventec Appliances (Shanghai) Corp.	Development of intelligent devices	1,584,120	(2)	1,477,223	-	-	1,477,223	(125,126)	100.00 %	(125,126)	1,515,747	1,535,981
Inventec Appliances (Pudong) Corp.	Production and sales of intelligent devices	2,363,900	(2)	2,363,900	-	-	2,363,900	(818,851)	100.00 %	(750,759)	7,088,624	2,297,117
Inventec Appliances (Jiangning) Corp.	Production and sales of intelligent devices	2,087,600	(2)	1,289,400	-	-	1,289,400	(30,725)	100.00 %	(31,152)	3,552,775	3,571,176

(English Translation of Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2022 and 2021

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow						
Inventec Appliances (Nanjing) Corp.	House leasing	153,500	(2)	275,732	-	-	275,732	33,551	100.00 %	33,551	434,509	85,353
Inventec Appliances (Xi'an) Corporation	House leasing	122,800	(2)	122,800	-	-	122,800	12,241	100.00 %	12,241	75,046	-
Inventec Appliances (Nanchang) Corp.	Development of intelligent devices	64,470	(2)	64,470	-	-	64,470	(38,128)	100.00 %	(38,128)	(391)	-
Apex Business Managements & Consulting (Shanghai) Co., Ltd.	Business management and Consulting	2,212	(3)	-	-	-	-	17,527	100.00 %	17,527	127,445	-
Inventec Appliances (Shanghai) Enterprise	Industrial investment and investment management	35,264	(3)	-	-	-	-	(2,181)	100.00 %	(2,181)	20,269	-
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Production and sales of intelligent devices	264,480	(3)	-	-	-	-	(82,230)	100.00 %	(82,230)	(78,082)	-
Inventec Easy Doctor Corporation	Production and sales of medical devices , software development	44,080	(3)	-	-	-	-	(12,600)	100.00 %	(12,600)	30,517	-

2. Limitation on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3,4,7)
The Company	8,144,710	8,144,710	-
Inventec Appliances Corp.	5,661,940	5,661,940	4,567,991

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

- (a) Direct investment in Mainland China.
- (b) Indirect investment in Mainland china through a subsidiary in a third place.
- (c) Others

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

Note 3: In accordance with the regulation of amended limitation calculation of Investment Commission in 29 August, 2008, MOEA (IDB) committed the Company were in the scope of operating headquarter; therefore there is no need to calculate the limitation.

Note 4: The upper limit on investment of Inventec Appliances Corp. is the higher of 60% of net value or 60% of consolidated net value.

Note 5: The transactions in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

Note 6: The amount of foreign currencies were exchanged to New Taiwan Dollars in historical exchange rates.

Note 7: After the accumulated investment in Mainland China as of December 31, 2022, deducted the accumulated remittance of earnings in current period, the difference of Inventec Appliance Corp. was still under the upper limit on investment.

Note 8: The subscribed capital contribution of CNY 7,500 thousand, with the base date set on December 31, 2048, was based on the articles of association. No capital had been contributed as of December 31, 2022.

Note 9: The inter-company transactions were eliminated in the consolidated financial statements

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2022, are disclosed in "Information on significant transactions".

(English Translation of Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2022 and 2021

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

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Taishin International Bank Co., Ltd, entrusted with custody of Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF		207,632,000	5.78 %

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statements due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. 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 numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(14) Segment Information

Please refer to consolidated financial report of Inventec Corporation for the year ended December 31, 2022.

INVENTEC CORPORATION
Statement of Cash and Cash Equivalents
December 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Petty cash	\$ 450
	Foriegn cash	288
	Subtotal	738
Cash in banks	Checking accounts	378
	Demand deposits	343,852
	Foriegn deposits USD 548,780 thousands	16,849,239
	JPY 3,522 thousands	
	CNY 59 thousands	
	EUR 19 thousands	
	Time deposits	740,000
	Subtotal	17,933,469
		\$ 17,934,207

INVENTEC CORPORATION

Statement of Changes in Financial Assets Measured at Fair Value through Other Comprehensive Income - Current

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Share or units	Par value	Total amount	Interest rate	Acquisition cost	Accumulated impairment	Fair value		Note
								Unit price	Total amount	
WIN Semiconductors Corp.	Stock	4,063	\$ 40,630	<u>554,557</u>	- %	<u>113,690</u>	<u>-</u>	136.50	<u>554,557</u>	

INVENTEC CORPORATION
Statement of Accounts Receivables
December 31, 2022
(In Thousands of New Taiwan Dollars)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
<u>Non-related parties:</u>			
A		\$ 37,202,702	
B		3,889,872	
C		2,747,984	
Others			The year-end balance of each client doesn't exceed 5% of the account balance.
		<u>6,341,047</u>	
Subtotal		50,181,605	
Less: Loss allowance		<u>(34,878)</u>	
Net amount		<u>50,146,727</u>	
<u>Related parties:</u>			
Inventec Holding (North America) Corp.		28,808,753	
Others			The year-end balance of each client doesn't exceed 5% of the account balance.
		<u>575,151</u>	
Subtotal		<u>29,383,904</u>	
Less: Loss allowance		-	
Net amount		<u>29,383,904</u>	
Total		<u><u>\$ 79,530,631</u></u>	

INVENTEC CORPORATION

Statement of Other Receivables

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Non-related parties	Payments on behalf of others	\$ 247,105	
Related parties	Payments of materials on behalf of others	66,806,162	
Current accrued income	Interest receivable from banks	3,718	
Total		<u>\$ 67,056,985</u>	

Statement of Inventory

Item	Amount		Note
	Cost	Net realized value	
Raw materials	\$ 6,951,112	6,740,808	
Work in process	2,490,878	2,476,998	
Finished goods	2,625,308	2,605,230	
Subtotal	12,067,298	<u>11,823,036</u>	
Less: Allowance for inventory valuation losses and obsolescence	(244,262)		
Total	<u>\$ 11,823,036</u>		

INVENTEC CORPORATION
Statement of Other Current Assets
December 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepayments	Premium	\$ 850	
	Payment of materials	61,400	
	Others	<u>84,947</u>	
	Subtotal	147,197	
Temporary debits	Others	3,714	
Payment on behalf of others	Others	373,540	
Asset recognized as right to recover products from customers		300,998	
Others	Others	<u>92,524</u>	
		<u><u>\$ 917,973</u></u>	

Inventec Corporation
Statement of Current and Non-current Financial Assets at Fair
Value Through Profit or Loss
For the year ended December 31, 2022
(In Thousands of New Taiwan Dollars)

Name of financial instrument	Beginning Balance		Addition		Decrease		Ending balance		Collateral	Note
	Shares/(in thousand)	Fair value	Shares/(in thousand)	Amount	Shares/(in thousand)	Amount	Shares/(in thousand)	Fair value		
<u>Common Stock</u>										
Empass Technology Inc	495	\$ 17,464	65	-	-	5,742	560	11,722	None	
Entire Technology Co., Ltd.	3,260	114,198	-	-	-	48,737	3,260	65,461	"	
E-Ton Solar Tech Co., LTD	94,889	540,866	-	-	94,889	540,866	-	-	"	
Imedtac Co., Ltd.	1,200	54,480	-	-	-	14,049	1,200	40,431	"	
Tmy Technology Inc.	2,857	57,200	-	-	-	44,662	2,857	12,538	"	
Enflex Corporation	750	<u>4,747</u>	-	<u>-</u>	-	<u>2,277</u>	750	<u>2,470</u>	"	
Subtotal		<u>788,955</u>		<u>-</u>		<u>656,333</u>		<u>132,622</u>		
<u>Convertible bonds</u>										
SKSpruce Holding Limited	-	<u>17,712</u>	-	<u>-</u>	-	<u>7,155</u>	-	<u>10,557</u>	"	
Total		<u>\$ 806,667</u>		<u>-</u>		<u>663,488</u>		<u>143,179</u>		

INVENTEC CORPORATION

Statement of Changes in Financial Assets Measured at fair Value through Other Comprehensive Income—Non-current

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Name of financial instrument	Beginning Balance		Addition		Decrease		Ending balance		Collateral	Note
	Shares (in thousand)	Fair value	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Fair value		
Common Stock										
Arima Communications Corp.	21,114	\$ 845	-	36,844	13,724	-	7,390	37,689	"	
Tomorrow Studio Co., Ltd.	29	156	-	-	-	62	29	94	"	
Tai Yi Precision Corporation	2,540	-	-	-	-	-	2,540	-	"	
New E Materials Co., Ltd.	1,760	8,941	-	-	-	863	1,760	8,078	"	
Top Taiwan Xiv Venture Capital Co., Ltd.	-	-	30,000	291,600	-	-	30,000	291,600	"	
ZT Group Int'l, Inc.	70	2,031,072	-	107,301	-	-	70	2,138,373	"	
Amphastar Pharmaceuticals Inc.	26	16,630	-	5,569	-	-	26	22,199	"	
Subtotal		2,057,644		441,314		925		2,498,033		
Preferred Stock										
CloudMosa Technologies, Inc.	235	-	-	35,395	-	-	235	35,395	"	
Rasilient Systems, Inc.	3,632	-	-	-	-	-	3,632	-	"	
SKSpruce Holding Limited	3,746	45,054	-	-	-	18,202	3,746	26,852	"	
QEEXO Co.	568	22,750	-	7,856	-	-	568	30,606	"	
Rescale Inc.	355	12,385	-	-	-	5,439	355	6,946	"	
Sensel Inc.	532	-	-	14,123	-	-	532	14,123	"	
ASOCS LTD.	360	-	-	-	-	-	360	-	"	
Atayalan, Inc.	1,553	13,895	-	-	-	9,326	1,553	4,569	"	
Subtotal		94,084		57,374		32,967		118,491		
Total	\$	2,151,728		498,688		33,892		2,616,524		

INVENTEC CORPORATION
Statement of Changes in Investments Accounted for Using the
Equity Method

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Addition		Decrease		Ending balance			Market Value or Net Assets Value		Collateral	Note
	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Percentage of ownership	Amount	Unit price	Total amount		
Inventec Besta Co., Ltd.	23,405	\$ 251,731	-	-	-	29,577	23,405	37.53 %	222,154	10.20	238,731	None	Note
Inventec Corporation (Hong Kong) Ltd.	2,500	389,244	-	28,258	-	-	2,500	100.00 %	417,502	-	417,502	"	"
Inventec Holding (North America) Corp.	2,001	1,496,415	10	3,401,317	-	-	2,011	100.00 %	4,897,732	-	4,897,732	"	"
Inventec Appliances Corp.	536,857	8,618,636	-	-	-	235,863	536,857	100.00 %	8,382,773	-	8,382,773	"	"
Inventec (Cayman) Corp.	301,768	25,340,228	-	1,341,313	-	-	301,768	100.00 %	26,681,541	-	26,681,541	"	"
IEC (Cayman) Corporation	25,000	1,426,351	-	348,616	-	-	25,000	100.00 %	1,774,967	-	1,774,967	"	"
Inventec (Czech), S.R.O.	-	166,344	-	65,178	-	-	-	100.00 %	231,522	-	231,522	"	"
Inventec Development Japan Corporation	45	19,018	-	925	-	-	45	100.00 %	19,943	-	19,943	"	"
Inventec Japan Cororation	-	3,044	-	121	-	-	-	100.00 %	3,165	-	3,165	"	"
Inventec Investment Co., Ltd.	108,800	87,874	-	-	-	19,635	108,800	100.00 %	68,239	-	68,239	"	"
AI Mobile Co., Ltd.	18,250	76,620	-	-	10,220	31,814	8,030	73.00 %	44,806	-	44,805	"	"
InveneXt System Co., Ltd.	-	-	5,000	49,872	-	-	5,000	100.00 %	49,872	-	49,872	"	"
		<u>\$ 37,875,505</u>		<u>5,235,600</u>		<u>316,889</u>			<u>42,794,216</u>		<u>42,810,792</u>		
Inventec Solar Energy Corporation	108,150	\$ (633,253)	-	-	-	27,818	108,150	33.45 %	(661,071)	-	(661,071)	"	Note 1

Note : The market value of listed companies are market value, and the value of private entities are net asset value.

Note1: Recognized as "other non-current liabilities, others".

INVENTEC CORPORATION
Statement of Other Non-current Assets
December 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Deferred expense	Toolings	\$ 3,196,936	
Less: Accumulated depreciation		(2,908,917)	
Deferred tax assets		1,210,223	
Restricted assets	The account of repatriated offshore funds	130,735	
Refundable deposits	Membership guarantee and customs duty guarantee	183,264	
Other assets		242,772	
		<u>\$ 2,055,013</u>	

INVENTEC CORPORATION
Statement of Short-term Borrowings
December 31, 2022
(In Thousands of New Taiwan Dollars)

<u>Category of loans</u>	<u>Description</u>	<u>Ending balance</u>	<u>Contract Period</u>	<u>Range of interest rate</u>	<u>Loan commitments</u>	<u>Collateral or guarantee</u>	<u>Note</u>
Short-term borrowings	E.SUN Bank	\$ 1,409,925	2023.01.18	5.15%	TWD 1,500,000	None	
	Citi Bank	1,090,484	2023.02.16	4.93%	USD 229,000	"	
	DBS Bank	4,611,687	2023.01.06-2023.02.03	4.56%-5.49%	USD 285,000	"	
	Bank of Taiwan	3,153,882	2023.01.13-2023.01.17	5.48%-5.53%	USD 150,000	"	
	Taishin Bank	1,228,000	2023.01.06	5.30%	USD 80,000	"	
	Land Bank	1,665,336	2023.01.19	5.03%	TWD 1,800,000	"	
	Sumito Mitsui Bank	4,052,036	2023.01.06-2023.01.17	4.40%-4.75%	USD 150,000	"	
	Cathay Bank	1,841,421	2023.01.06	4.58%	USD 60,000	"	
	First Bank	<u>2,400,425</u>	2023.01.13	5.13%	TWD 3,000,000	"	
		<u><u>\$ 21,453,196</u></u>					

INVENTEC CORPORATION

Statement of Accounts Payable

December 31, 2022

(In Thousands of New Taiwan Dollars)

Vendor name	Description	Amount	Note
<u>Non-related parties:</u>			
W		\$ 9,948,808	
X		2,245,097	
Y		2,047,526	
Z		1,709,995	
Others			The year-end balance of each client doesn't exceed 5% of the account balance.
		<u>16,127,140</u>	
Subtotal		<u>32,078,566</u>	
<u>Related parties:</u>			
Inventec Corporation (Hong Kong) Ltd.		78,674,841	
Others			The year-end balance of each client doesn't exceed 5% of the account balance.
		<u>280,697</u>	
Subtotal		<u>78,955,538</u>	
Total		<u>\$ 111,034,104</u>	

INVENTEC CORPORATION

Statement of Other Payables

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Other payables	Payables for salary, incentive and bonus	\$ 3,240,815
	Inventory processing fee	732,158
	Interest payable and royalty	484,280
	Insurance expense, professional service fee and tax	100,901
	Others	<u>1,630,573</u>
Total		<u><u>\$ 6,188,727</u></u>

Statement of Other Current Liabilities

Item	Description	Amount	Note
Other current liabilities	Advance receipts	\$ 622	
	Receipts under custody	1,288,034	
	Temporary credits	7,392,991	
	Others	<u>2,499,506</u>	
		<u><u>\$ 11,181,153</u></u>	

INVENTEC CORPORATION
Statement of Long-term Borrowings
December 31, 2022
(In Thousands of New Taiwan Dollars)

<u>Creditor</u>	<u>Description</u>	<u>Amount</u>	<u>Contract period</u>	<u>Interest rate</u>	<u>Collateral or guarantee</u>	<u>Note</u>
Syndicated agreement with Hua Nan Bank and other 13 participating banks	Syndicated Loans	\$ 7,675,000	2025.10.14	5.42%~5.81%	None	With financial covenant
Hua Nan Bank	Secured borrowings	1,633,333	2031.02.26	1.82 %	Land, buildings and construction	Without financial covenant
Bank of Taiwan	"	816,667	2031.02.26	1.82 %	"	"
E.SUN Commercial Bank	Unsecured borrowings	921,000	2025.07.07	4.75 %	None	"
Less: Long-term Borrowings, current portion		(300,000)				
Total		<u><u>\$ 10,746,000</u></u>				

INVENTEC CORPORATION
Statement of Other Non-current Liabilities
December 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other non-current liabilities	Deferred tax liabilities	\$ 4,038,732	
	Deferred credits	40,891	
	Gaurantee deposits received	561	
	Credit balance of investments accounted for using equity method	661,071	
		<u>\$ 4,741,255</u>	

INVENTEC CORPORATION
Statement of Operating Costs
For the year ended December 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Subtotal	Total
Cost of goods sold from manufacturing	\$	66,058,861
Direct material	48,164,877	
Add: Raw material, January 1	7,751,715	
Purchases	49,623,391	
Gain on physical inventory	119	
Less: Raw material, December 31	(6,951,112)	
Transferred to expense	(364,361)	
Sales	(1,894,875)	
Direct labor	646,218	
Manufacturing expenses	2,053,822	
Cost of manufacturing	50,864,917	
Add: Work in process, January 1	1,488,177	
Purchases	17,603,499	
Less: Work in process, December 31	(2,490,878)	
Transferred to expense	(326,277)	
Loss on physical inventory	(49)	
Transferred to warranty	(13,025)	
Cost of finished goods	67,126,364	
Add: Finished goods, January 1	2,268,288	
Less: Finished goods, December 31	(2,625,308)	
Transferred to expense	(686,612)	
Transferred to warranty	(23,871)	
Cost of material sold		1,894,875
Cost of merchandise sold (triangle trade)		366,106,096
Loss on inventory valuation		90,312
Cost of warranty		633,326
Expense of idle capacity		2,302
Gain on physical inventory		(70)
Cost of provision of sales return		(155,808)
Total operating costs	\$	<u><u>434,629,894</u></u>

INVENTEC CORPORATION
Statement of Selling Expenses
For the year ended December 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Wages and salaries		\$ 582,369	
Amortizations		158,330	
Freight		892,220	
Miscellaneous expense		144,393	
Other expenses		366,898	
		<u>\$ 2,144,210</u>	

Statement of Administrative Expenses

Item	Description	Amount	Note
Wages and salaries		\$ 1,011,051	
Miscellaneous expense		102,225	
Depreciation expense		143,887	
Repairs and maintenance expense		97,747	
Professional service fees		120,467	
Other expenses		412,392	
		<u>\$ 1,887,769</u>	

INVENTEC CORPORATION

Statement of Research and Development Expenses

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Wages and salaries		\$ 4,093,914	
Consumable expense		1,296,932	
Examination expense		407,321	
Other expenses		<u>1,378,058</u>	
		<u>\$ 7,176,225</u>	