

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022**

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

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company History	8
(2) Financial Statements Authorization Date and Authorization Process	8
(3) New Standards, Amendments and Interpretations Adopted	8
(4) Summary of Significant Accounting Policies	9~11
(5) Significant Accounting Assumptions and Judgements, and Major Sources of Estimation Uncertainty	11~12
(6) Explanation to Significant Accounts	12~46
(7) Related Parties Transactions	46~48
(8) Assets Pledged as Security	49
(9) Significant Commitments and Contingencies	49
(10) Losses Due to Major Disasters	49
(11) Subsequent Events	49
(12) Other	50
(13) Other disclosures	
(a) Information on significant transactions	50~58
(b) Information on investment	58~59
(c) Information on investment in Mainland China	60~62
(d) Information on major shareholders	60~62
(14) Segment Information	62~63



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' Review Report

To the Board of Directors of Inventec Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Inventec Corporation (“the Company”) and its subsidiaries (“the Group”) as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income as well as changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$58,268,208 thousand and \$70,301,695 thousand, constituting 25% and 26% of the consolidated total assets; and the total liabilities amounting to \$25,327,399 thousand and \$26,924,257 thousand, constituting 14% and 13% of the consolidated total liabilities as of March 31, 2023 and 2022, respectively; as well as the total comprehensive loss amounting to \$342,831 thousand and \$206,993 thousand, constituting (25)% and (8)% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2023 and 2022, respectively.

Furthermore, as stated in Note (6)(f), the other equity accounted investments of the Group in its investee companies of \$20,772 thousand and \$47,219 thousand as of March 31, 2023 and 2022, respectively, and its equity in net loss on these investee companies of \$809 thousand and \$2,130 thousand, for the three months ended March 31, 2023 and 2022, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.



Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Rou-Lan Kuo and Ying-Ju Chen.

KPMG

Taipei, Taiwan (Republic of China)
May 12, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

March 31, 2023, December 31, 2022, and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2023		December 31, 2022		March 31, 2022						March 31, 2023		December 31, 2022		March 31, 2022	
		Amount	%	Amount	%	Amount	%					Amount	%	Amount	%	Amount	%
ASSETS																	
Current Assets :																	
1100	Cash and cash equivalents (Note (6)(a))	\$ 39,008,653	17	42,450,643	18	45,982,366	17	2100	Short-term borrowings (Note (6)(l))	\$ 39,138,554	17	48,333,913	21	56,362,473	21		
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	347,611	-	890,745	-	1,693,212	1	2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	149,913	-	292,383	-	532,066	-		
1120	Current financial assets at fair value through other comprehensive income (Note (6)(b))	741,440	-	554,557	-	1,080,674	1	2130	Current contract liabilities (Note (6)(t))	13,568,477	6	12,596,823	5	7,685,743	3		
1170	Accounts receivable, net (Notes (6)(c) and (7))	87,452,862	38	89,507,203	38	94,986,690	36	2170	Accounts payable (Note (7))	78,444,384	34	64,404,174	28	92,337,576	35		
1200	Other receivables, net (Notes (6)(d) and (7))	2,398,739	1	1,554,185	1	886,857	-	2230	Current tax liabilities	3,312,957	1	3,229,602	2	2,600,104	1		
1310	Inventories (Note (6)(e))	50,978,953	22	51,004,786	22	76,631,369	29	2200	Other payables (Note (7))	15,449,937	7	12,014,945	5	14,299,769	5		
1470	Other current assets (Notes (6)(f) and (8))	4,828,298	2	4,232,122	2	3,850,666	1	2322	Long-term borrowings, current portion (Note (6)(l))	2,497,258	1	330,744	-	11,778,744	4		
		185,756,556	80	190,194,241	81	225,111,834	85	2280	Current lease liabilities (Note (6)(m))	213,412	-	210,376	-	175,246	-		
								2399	Other current liabilities, others (Note (6)(k))	13,289,629	6	14,586,649	6	14,789,920	6		
										166,064,521	72	155,999,609	67	200,561,641	75		
Non-current assets :																	
1510	Non-current financial assets at fair value through profit or loss (Note (6)(b))	268,944	-	225,057	-	839,984	-	Non-current Liabilities :									
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(b))	4,509,122	2	4,096,512	2	4,223,829	2	2540	Long-term borrowings (Note (6)(l))	2,988,200	1	12,833,351	6	3,981,126	2		
1550	Investments accounted for using equity method (Note (6)(f))	481,869	-	443,563	-	292,098	-	2640	Net defined benefit liability, non-current (Note (6)(o))	465,055	-	478,194	-	577,098	-		
1600	Property, plant and equipment (Notes (6)(g) and (8))	31,236,637	14	31,210,871	13	28,219,876	11	2580	Non-current lease liabilities (Note (6)(m))	500,040	-	542,865	-	667,948	-		
1755	Right-of-use assets (Notes (6)(h) and (8))	2,971,587	1	3,030,466	1	3,196,612	1	2670	Other non-current liabilities, others (Notes (6)(k) and (p))	5,737,963	3	5,555,332	2	6,408,477	3		
1780	Intangible assets (Note (6)(i))	966,110	1	975,242	1	941,801	-			9,691,258	4	19,409,742	8	11,634,649	5		
1900	Other non-current assets (Notes (6)(j), (p) and (8))	4,381,069	2	4,039,653	2	3,408,033	1	Total Liabilities		175,755,779	76	175,409,351	75	212,196,290	80		
		44,815,338	20	44,021,364	19	41,122,233	15										
TOTAL ASSETS		\$ 230,571,894	100	234,215,605	100	266,234,067	100	Equity attributable to owners of parent :									
								3110	Ordinary shares (Note (6)(q))	35,874,751	16	35,874,751	15	35,874,751	13		
								3200	Capital surplus (Note (6)(q))	2,899,927	1	2,899,927	1	2,899,592	1		
								3300	Retained earnings (Note (6)(q))	17,723,168	8	22,227,169	9	17,489,200	7		
								3400	Other equity (Note (6)(q))	(926,128)	(1)	(1,447,789)	-	(1,524,242)	(1)		
								Total equity attributable to owners of parent		55,571,718	24	59,554,058	25	54,739,301	20		
								36XX	Non-controlling interests	(755,603)	-	(747,804)	-	(701,524)	-		
								Total Equity		54,816,115	24	58,806,254	25	54,037,777	20		
TOTAL ASSETS		\$ 230,571,894	100	234,215,605	100	266,234,067	100	TOTAL LIABILITIES AND EQUITY		\$ 230,571,894	100	234,215,605	100	266,234,067	100		

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING

INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		For the three months ended March 31			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes (6)(t) and (7))	\$ 120,182,904	100	128,795,023	100
5000	Operating costs (Notes (6)(e))	114,261,028	95	123,063,716	96
5900	Gross profit from operations	5,921,876	5	5,731,307	4
	Operating expenses (Notes (6)(c), (6)(u) and (7)):				
6100	Selling expenses	728,305	1	715,563	-
6200	Administrative expenses	1,083,526	1	994,002	1
6300	Research and development expenses	2,816,433	2	2,896,168	2
6450	Impairment losses (impairment gains and reversal of impairment losses) determined in accordance with IFRS9	8,798	-	(4,360)	-
		4,637,062	4	4,601,373	3
6900	Net operating income	1,284,814	1	1,129,934	1
	Non-operating income and expenses (Notes (6)(f), (v) and (7)):				
7100	Interest income	592,856	1	246,614	-
7010	Other income	65,529	-	61,404	-
7020	Other gains and losses	315,115	-	763,403	-
7050	Finance costs	(1,120,649)	(1)	(280,595)	-
7060	Shares of loss of associates and joint ventures accounted for using equity method	(4,695)	-	(9,405)	-
		(151,844)	-	781,421	-
7900	Profit before tax	1,132,970	1	1,911,355	1
7950	Less: Income tax expenses (Notes (4) and (6)(p))	261,713	-	452,644	-
8000	Profit	871,257	1	1,458,711	1
	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	598,730	-	(428,061)	-
8320	Shares of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	558	-	(781)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		599,288	-	(428,842)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(77,395)	-	1,630,122	1
8370	Shares of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(2,076)	-	2,157	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		(79,471)	-	1,632,279	1
		519,817	-	1,203,437	1
8500	Other comprehensive income, net of income tax	\$ 1,391,074	1	2,662,148	2
	Profit (loss), attributable to:				
8610	Profit, attributable to owners of parent	\$ 880,683	1	1,486,706	1
8620	Profit (loss), attributable to non-controlling interests	(9,426)	-	(27,995)	-
		\$ 871,257	1	1,458,711	1
	Comprehensive income (loss) attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 1,398,873	1	2,677,062	2
8720	Comprehensive income (loss), attributable to non-controlling interests	(7,799)	-	(14,914)	-
		\$ 1,391,074	1	2,662,148	2
	Earnings per share (Notes (4) and (6)(s))				
9750	Basic earnings per share (NT dollars)	\$ 0.25		0.41	
9850	Diluted earnings per share (NT dollars)	\$ 0.24		0.41	

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent					Other Equity				
	Share Capital		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 Attributable to Owners of Parent	Non - controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings					
Balance at January 1, 2022	\$ 35,874,751	2,899,592	12,093,033	1,901,925	7,030,001	(3,036,968)	322,370	57,084,704	(686,610)	56,398,094
Profit (loss) for the period	-	-	-	-	1,486,706	-	-	1,486,706	(27,995)	1,458,711
Other comprehensive income (loss) for the period	-	-	-	-	-	1,619,198	(428,842)	1,190,356	13,081	1,203,437
Total comprehensive income (loss) for the period	-	-	-	-	1,486,706	1,619,198	(428,842)	2,677,062	(14,914)	2,662,148
Appropriation and distribution of retained earnings:										
Cash dividends on ordinary shares	-	-	-	-	(5,022,465)	-	-	(5,022,465)	-	(5,022,465)
Balance at March 31, 2022	\$ 35,874,751	2,899,592	12,093,033	1,901,925	3,494,242	(1,417,770)	(106,472)	54,739,301	(701,524)	54,037,777
Balance at January 1, 2023	\$ 35,874,751	2,899,927	12,747,957	2,714,597	6,764,615	(506,716)	(941,073)	59,554,058	(747,804)	58,806,254
Profit (loss) for the period	-	-	-	-	880,683	-	-	880,683	(9,426)	871,257
Other comprehensive income (loss) for the period	-	-	-	-	-	(81,098)	599,288	518,190	1,627	519,817
Total comprehensive income (loss) for the period	-	-	-	-	880,683	(81,098)	599,288	1,398,873	(7,799)	1,391,074
Appropriation and distribution of retained earnings:										
Cash dividends on ordinary shares	-	-	-	-	(5,381,213)	-	-	(5,381,213)	-	(5,381,213)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(3,471)	-	3,471	-	-	-
Balance at March 31, 2023	\$ 35,874,751	2,899,927	12,747,957	2,714,597	2,260,614	(587,814)	(338,314)	55,571,718	(755,603)	54,816,115

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

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 1,132,970	1,911,355
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	577,491	535,814
Amortization expense	241,276	154,578
Expected credit loss (reversal gain)	8,798	(4,360)
Interest expense	1,120,649	280,595
Interest income	(592,856)	(246,614)
Shares of loss of associates and joint ventures accounted for using equity method	4,695	9,405
Losses (gains) on disposal of property, plant and equipment	19	(516)
Unrealized foreign exchange loss	239,168	378,836
Other adjustments	(335)	(113)
Total adjustments to reconcile profit	<u>1,598,905</u>	<u>1,107,625</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	91,343	(293,045)
Decrease in accounts receivable	1,981,247	10,751,337
(Increase) decrease in other receivables	(496,295)	211,275
Increase in inventories	(241,637)	(12,181,956)
Increase in other current assets	<u>(326,098)</u>	<u>(437,247)</u>
Total changes in operating assets	<u>1,008,560</u>	<u>(1,949,636)</u>
Changes in operating liabilities:		
(Decrease) increase in financial liabilities held for trading	(142,470)	415,399
Increase in contract liabilities	971,071	118,265
Increase in accounts payable	14,101,784	4,964,864
Decrease in other payables	(1,840,255)	(1,668,485)
(Decrease) increase in other current liabilities	(1,294,858)	2,274,935
Decrease in net defined benefit liabilities, non-current	<u>(13,139)</u>	<u>(12,821)</u>
Total changes in operating liabilities	<u>11,782,133</u>	<u>6,092,157</u>
Total changes in operating assets and liabilities	<u>12,790,693</u>	<u>4,142,521</u>
Total adjustments	<u>14,389,598</u>	<u>5,250,146</u>
Cash inflow generated from operations	15,522,568	7,161,501
Interest received	344,545	224,011
Interest paid	(1,244,333)	(256,050)
Income taxes paid	<u>(140,647)</u>	<u>(63,209)</u>
Net cash flows from operating activities	<u>14,482,133</u>	<u>7,066,253</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING
INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

For the Three Months Ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2023	2022
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$ (30,750)	(11,208)
Proceeds from disposal of financial assets at fair value through other comprehensive income	30,188	-
Acquisition of investment accounted for using equity method	(44,520)	-
Acquisition of financial assets at fair value through profit or loss	-	(440,500)
Proceeds from disposal of financial assets at fair value through profit or loss	411,341	479,380
Acquisition of property, plant and equipment	(555,340)	(773,134)
Proceeds from disposal of property, plant and equipment	3,443	5,613
Acquisition of intangible assets	(45,223)	(17,807)
Increase in other financial assets	(343,208)	(274,408)
Increase in other non-current assets	(403,485)	(419,399)
Net cash flows used in investing activities	(977,554)	(1,451,463)
Cash flows (used in) from financing activities:		
(Decrease) increase in short-term borrowings	(9,153,420)	257,988
Proceeds from long-term borrowings	69,206	4,400,488
Repayments of long-term borrowings	(7,777,000)	(75,000)
Payments of lease liabilities	(47,077)	(49,312)
Increase (decrease) in other non-current liabilities	1,797	(192)
Net cash flows (used in) from financing activities	(16,906,494)	4,533,972
Effect of exchange rate changes on cash and cash equivalents	(40,075)	1,045,692
Net (decrease) increase in cash and cash equivalents	(3,441,990)	11,194,454
Cash and cash equivalents at beginning of period	42,450,643	34,787,912
Cash and cash equivalents at end of period	\$ 39,008,653	45,982,366

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023 and 2022

(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 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.

The consolidated financial statements of the Company as of and for the three months ended March 31, 2023 comprised the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group primarily is involved in the production and sales of computer products and intelligent devices. Please refer to Note (4)(b) for details.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on May 12, 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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 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”

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

The Group 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 consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to 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”

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

(4) Summary of Significant Accounting Policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	Inventec Corporation (Hong Kong) Ltd.	Trading	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Holding (North America) Corp.	Holding Company	100.00 %	100.00 %	100.00 %	(Note 2)
"	Inventec (Cayman) Corp.	Holding Company	100.00 %	100.00 %	100.00 %	
"	IEC (Cayman) Corporation	Holding Company	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec (Czech), s.r.o.	Production and sales of computer products	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Development Japan Corporation	Trading	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Investments Co., Ltd.	Investment company	100.00 %	100.00 %	100.00 %	(Note 1)
"	AIMobile Co., Ltd.	Developing, production and sales of intelligent mobile devices	73.00 %	73.00 %	73.00 %	(Note 1)
"	Inventec Japan Corporation	Trading and management services	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances Corp.	Production and sales of intelligent devices	100.00 %	100.00 %	100.00 %	(Note 2)
"	InveneXt System CO., LTD.	Production and sales of 5G equipment	100.00 %	100.00 %	-	% InveneXt System CO., LTD. was established on November 17, 2022. (Note 1)
The Company, Inventec Investments Co., Ltd. and Inventec Appliances Corp.	Inventec Solar Energy Corporation	Sales of solar cells and medical equipment	47.65 %	47.65 %	47.65 %	Inventec Solar Energy Corporation resolved at its Board meeting on December 1, 2021, to file for bankruptcy to the court, who, in turn, will grant the company's request upon its ruling. (Note 1)
Inventec Corporation (Hong Kong) Ltd.	Inventec Electronics (Tianjin) Co., Ltd.	Electronic product software development	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec (Beijing) Electronics Technology Co., Ltd.	"	100.00 %	100.00 %	100.00 %	(Note 1)

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022

INVENTEC CORPORATION AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)****March 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

Name of Investor	Name of Subsidiary	Principal activity	Shareholding			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
Inventec (Cayman) Corp. and Inventec (Pudong) Technology Corp.	Inventec (Shanghai) Corp.	Sales of computer products	100.00 %	100.00 %	100.00 %	(Note 1)
Inbentec (Cayman) Corp., Inventec (Pudong) Technology Corp. and Inventec (Pudong) Co., Ltd	Inventec (Shanghai) Service Co., Ltd.	"	100.00 %	100.00 %	100.00 %	Inventec (Pudong) Co., Ltd. conducted a capital injection on January 16, 2023. (Note 1)
Inventec (Cayman) Corp.	Inventec (Pudong) Co., Ltd.	"	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec (Pudong) Technology Corp.	Production and sales of computer products	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Hi-Tech Corporation	Sales of computer products	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec (Chongqing) Service Co., Ltd	"	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec (Cayman) Corp. and IEC (Cayman) Corporation	Inventec (Chongqing) Corporation	Production and sales of computer products	100.00 %	100.00 %	100.00 %	
Inventec (Shanghai) Corp.	Inventec Asset-Management (Shanghai) Corporation	Leasing	78.00 %	78.00 %	78.00 %	(Note 1)
Inventec (Shanghai) Service Co., Ltd.	Saint Investment Consulting Corporation	Business management	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec (Pudong) Technology Corp.	SQ Technology (Shanghai) Corporation	Production and sales of computer products	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec Holding (North America) Corp.	Inventec (USA) Corporation	Services of computer products	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Manufacturing (North America) Corporation	"	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Configuration (North America) Corporation	Production and sales of computer products	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Distribution (North America) Corporation	"	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec Holding (North America) Corp. and Inventec Distribution (North America) Corporation	IEC Technologies, S. de R.L. de C.V.	Production and sales of computer products	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Holding Company	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Vietnam) Company Limited	Production and sales of intelligent devices	100.00 %	100.00 %	-	% Inventec Appliances (Vietnam) Company Limited was established on September 12, 2022. (Note 1)
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	Marketing promotion	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances Corporation USA, Inc.	Sales service	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Shanghai) Co., Ltd.	Development of intelligent devices	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Pudong) Corp.	Production and sales of intelligent devices	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Jiangning) Corp.	"	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Nanjing) Corp.	House leasing	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (XI'AN) Corporation	"	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Nanchang) Corporation	Development of intelligent devices	100.00 %	100.00 %	100.00 %	(Note 1)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
Inventec Appliances (Shanghai) Co., Ltd.	Inventec Appliances (Shanghai) Enterprise Co., Ltd.	Business management	100.00 %	100.00 %	100.00 %	(Note 1)
"	APEX Business Management & Consulting (Shanghai) Co., Ltd.	"	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Production and sales of intelligent devices	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec QD (Shanghai) Corporation	Leasing	- %	- %	- %	No capital has been injected as of March 31, 2023. (Note 1)
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	Production and sales of intelligent devices	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Easy Doctor Corporation	Production and sales of medical devices	100.00 %	100.00 %	100.00 %	(Note 1)

Note 1: Companies are non-significant subsidiaries and their financial statements have not been reviewed.

Note 2: Companies are non-significant subsidiaries and their financial statements have been reviewed.

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

(c) Income taxes

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

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

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

(d) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

Except for the following, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation to Significant Accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2022 consolidated financial statements. Please refer to Note 6 of the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 6,205	6,536	6,678
Demand deposits and checking accounts	34,542,382	38,356,241	40,684,107
Time deposits	4,460,066	4,087,866	5,291,581
Cash and cash equivalents in the consolidated statements of cash flows	\$ 39,008,653	42,450,643	45,982,366

(b) Financial instruments

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

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets at fair value through profit or loss			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 205,022	316,300	669,992
Foreign exchange swap	82,009	119,565	1,073
Non-derivative financial assets			
Stocks of listed companies	46,847	39,406	62,961
Emerging stock	93,529	65,461	82,348
Unquoted financial instruments	154,632	543,730	1,682,612
Unsecured convertible bonds	34,516	31,340	34,210
Total	\$ 616,555	1,115,802	2,533,196

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

The liquidation of E-TON SOLAR TECH. CO., LTD. on November 24, 2022 resulted in the Group to receive the residual property amounting to \$674,840.

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Financial liabilities at fair value through profit or loss			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 52,472	30,966	5,629
Foreign exchange swap	<u>97,441</u>	<u>261,417</u>	<u>526,437</u>
Total	<u>\$ 149,913</u>	<u>292,383</u>	<u>532,066</u>

The Group uses derivative financial instruments to hedge the certain foreign exchange and interest rate risk the Group 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 financial assets and held-for-trading financial liabilities:

1) Financial assets:

		March 31, 2023		
	Contract Amount (in thousands)	Currency	Maturity Period	
Foreign exchange swap	USD 170,000	USD to TWD	2023.04.17~2023.05.30	
Forward	USD 470,000	USD to TWD	2023.04.13~2023.08.23	
		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	
		March 31, 2022		
	Contract Amount (in thousands)	Currency	Maturity Period	
Foreign exchange swap	USD 20,000	USD to TWD	2022.09.30	
Forward	USD 839,000	USD to TWD	2022.04.07~2022.09.29	
Forward	USD 60,000	USD to CNY	2022.04.28~2022.07.28	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

2) Financial liabilities:

March 31, 2023				
	Contract Amount (in thousands)		Currency	Maturity Period
Foreign exchange swap	USD	375,000	USD to TWD	2023.04.13~2023.08.23
Forward	USD	75,000	USD to TWD	2023.04.27~2023.05.25
Forward	USD	50,000	USD to CNY	2023.04.27~2023.06.28
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
March 31, 2022				
	Contract Amount (in thousands)		Currency	Maturity Period
Foreign exchange swap	USD	839,000	USD to TWD	2022.04.07~2022.09.29
Forward	USD	20,000	USD to TWD	2022.09.30
Forward	USD	52,000	USD to MYR	2022.04.28~2022.06.28

2. Financial assets at fair value through other comprehensive income

	March 31, 2023	December 31, 2022	March 31, 2022
Equity investments at fair value through other comprehensive income			
Stocks of listed companies	\$ 892,548	723,062	1,283,905
Stocks of unlisted companies	4,358,014	3,928,007	4,020,598
Total	<u>\$ 5,250,562</u>	<u>4,651,069</u>	<u>5,304,503</u>

1) Equity investments at fair value through other comprehensive income

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

For strategic purposes, the Group has sold its equity investments at fair value through other comprehensive income at the amount of \$30,188, resulting in the Group to reclassify the loss of \$3,471 from other equity to retained earnings.

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

3) As of March 31, 2023, the aforesaid financial assets were not pledged as collateral.

(c) Notes and accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable- non-related parties	\$ 87,532,891	88,292,622	94,959,965
Accounts receivable- related parties	-	1,285,573	126,646
Less: Loss allowance	(80,029)	(70,992)	(99,921)
	<u>\$ 87,452,862</u>	<u>89,507,203</u>	<u>94,986,690</u>

The Group 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 March 31, 2023, December 31, 2022, and March 31, 2022, the amounts of accounts receivable measured at fair value through other comprehensive income were \$1,008,777, \$5,107,315 and \$1,199,343, respectively.

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

	Gross carrying amount	March 31, 2023 Weighted- average loss rate	Loss allowance
Current	\$ 85,464,451	0%~0.5%	77,323
1 to 180 days past due	2,068,440	0.04%~10%	2,706
	<u>\$ 87,532,891</u>		<u>80,029</u>

As of April 25, 2023, the amount received in subsequent period by the Group is \$22,988,994.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 86,579,587	0%~0.5%	66,507
1 to 180 days past due	2,997,610	0.04%~10%	4,481
More than 180 days past due	998	0.04%~100%	4
	\$ 89,578,195		70,992

	March 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 91,819,648	0%~0.5%	70,297
1 to 180 days past due	3,239,227	0.04%~10%	3,199
More than 180 days past due	27,736	0.04%~100%	26,425
	\$ 95,086,611		99,921

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

	For the three months ended March 31,	
	2023	2022
Balance at January 1	\$ 70,992	104,130
Impairment losses recognized (reversed)	9,023	(4,360)
Foreign exchange losses	14	151
Balance at March 31	\$ 80,029	99,921

The allowance for impairment account is used to record expected credit losses. If the Group 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 Group.

As of March 31, 2023, December 31, 2022 and March 31, 2022, none of the receivables above are pledged as collateral for loans and borrowings.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group sold its accounts receivable without recourse as follows:

March 31, 2023						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in other Receivable	Range of Interest Rate	Significant Transferring Terms
		Unpaid (in thousands)	Paid (in thousands)			
Non-related parties	\$ <u>25,222,362</u>	USD <u>639,902</u>	USD <u>828,593</u>	-	5.63%~6.40%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.
Note						
December 31, 2022						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in other Receivable	Range of Interest Rate	Significant Transferring Terms
		Unpaid (in thousands)	Paid (in thousands)			
Non-related parties	\$ <u>37,006,722</u>	USD <u>483,515</u>	USD <u>1,205,431</u>	-	4.82%~5.85%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.
Note						
December 31, 2022						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in other Receivable	Range of Interest Rate	Significant Transferring Terms
		Unpaid (in thousands)	Paid (in thousands)			
Non-related parties	\$ <u>33,491,493</u>	USD <u>108,712</u>	USD <u>1,170,213</u>	-	0.94%~1.96%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.
Note						

Note: The amount advanced unpaid of subsidiaries which means that the purchaser has the right to make factoring transactions with the Group based on the amount allocated by the client under factoring agreement.

(d) Other receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Other accounts receivable	\$ <u>2,398,739</u>	<u>1,554,185</u>	<u>886,857</u>

Other receivables consisted of interest receivable and other income.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

(e) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials and consumables	\$ 33,753,364	32,288,347	59,753,899
Work in process	9,178,669	10,080,564	9,098,487
Finished goods	7,095,270	7,575,629	6,828,432
Materials and supplies in transit	951,650	1,060,246	950,551
	<u><u>\$ 50,978,953</u></u>	<u><u>51,004,786</u></u>	<u><u>76,631,369</u></u>

For the three months ended March 31, 2023 and 2022, the write-down of inventories amounted to \$18,789 and \$103,221, 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 three months ended March 31, 2023 and 2022, idle capacity loss amounted to \$2,114 and \$10,351, respectively.

As of March 31, 2023, December 31, 2022 and March 31, 2022, 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:

	March 31, 2023	December 31, 2022	March 31, 2022
Associates	\$ <u><u>481,869</u></u>	<u><u>443,563</u></u>	<u><u>292,098</u></u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's investments under equity method were not pledged as collateral.

Except for Inventec Besta Co., Ltd. (Besta), investments were accounted for by using the equity method, and the share of profit or loss and other comprehensive income of these investments were calculated based on the financial statements that have not been reviewed.

1. Judgment on existence of substantial control over investee

The Group 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 Group does not have existing rights and the current ability to direct the investee's relevant activities, thus, the Group does not have control over Besta.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the three months ended March 31, 2023 and 2022 were as follows:

		Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Leasehold improvements	Others	Total
Cost or deemed cost:										
Balance at January 1, 2023	\$	8,166,465	17,273,966	18,206,229	95,181	5,452,557	7,387,838	785,745	5,315,224	62,683,205
Additions	-	-	-	85,010	-	104,361	49,051	466	310,403	549,291
Disposals	-	-	-	(16,754)	-	(97,357)	(13,141)	-	-	(127,252)
Others	-	-	-	62,145	-	3,749	(57,533)	-	(8,185)	176
Effect of movements in exchange rates		(1,788)	11,971	(22,545)	67	(11,039)	3,396	6,627	424	(12,887)
Balance at March 31, 2023	\$	<u>8,164,677</u>	<u>17,285,937</u>	<u>18,314,085</u>	<u>95,248</u>	<u>5,452,271</u>	<u>7,369,611</u>	<u>792,838</u>	<u>5,617,866</u>	<u>63,092,533</u>
Balance at January 1, 2022	\$	7,784,757	16,578,652	17,891,798	102,302	5,126,195	7,131,447	736,066	3,215,599	58,566,816
Additions	-	-	91,213	78,976	-	52,851	13,694	-	449,572	686,306
Disposals	-	-	-	(36,349)	(945)	(31,397)	(1,391)	-	-	(70,082)
Others	-	-	-	16,989	-	8,910	791	(2,957)	(26,377)	(2,644)
Effect of movements in exchange rates	-	-	426,418	466,839	2,669	96,878	168,861	23,071	142,801	1,327,537
Balance at March 31, 2022	\$	<u>7,784,757</u>	<u>17,096,283</u>	<u>18,418,253</u>	<u>104,026</u>	<u>5,253,437</u>	<u>7,313,402</u>	<u>756,180</u>	<u>3,781,595</u>	<u>60,507,933</u>
Depreciation and impairment losses:										
Balance at January 1, 2023	\$	-	5,005,637	14,714,249	82,865	4,621,663	6,683,518	364,402	-	31,472,334
Depreciation for the period	-	-	95,596	246,885	1,267	101,645	47,967	13,148	-	506,508
Disposals	-	-	-	(20,658)	-	(90,039)	(13,093)	-	-	(123,790)
Others	-	-	-	-	-	-	43	-	-	43
Effect of movements in exchange rates	-	-	5,239	(2,068)	91	(7,442)	1,517	3,464	-	801
Balance at March 31, 2023	\$	<u>-</u>	<u>5,106,472</u>	<u>14,938,408</u>	<u>84,223</u>	<u>4,625,827</u>	<u>6,719,952</u>	<u>381,014</u>	<u>-</u>	<u>31,855,896</u>
Balance at January 1, 2022	\$	-	4,498,010	15,411,170	88,359	4,481,792	6,335,348	285,646	-	31,100,325
Depreciation for the period	-	-	92,372	214,098	2,107	92,215	50,904	14,155	-	465,851
Disposals	-	-	-	(33,999)	(945)	(29,296)	(745)	-	-	(64,985)
Others	-	-	-	-	-	-	-	610	-	610
Effect of movements in exchange rates	-	-	127,810	398,619	2,359	83,883	163,903	9,682	-	786,256
Balance at March 31, 2022	\$	<u>-</u>	<u>4,718,192</u>	<u>15,989,888</u>	<u>91,880</u>	<u>4,628,594</u>	<u>6,549,410</u>	<u>310,093</u>	<u>-</u>	<u>32,288,057</u>
Carrying amounts:										
Balance at January 1, 2023	\$	<u>8,166,465</u>	<u>12,268,329</u>	<u>3,491,980</u>	<u>12,316</u>	<u>830,894</u>	<u>704,320</u>	<u>421,343</u>	<u>5,315,224</u>	<u>31,210,871</u>
Balance at March 31, 2023	\$	<u>8,164,677</u>	<u>12,179,465</u>	<u>3,375,677</u>	<u>11,025</u>	<u>826,444</u>	<u>649,659</u>	<u>411,824</u>	<u>5,617,866</u>	<u>31,236,637</u>
Balance at January 1, 2022	\$	<u>7,784,757</u>	<u>12,080,642</u>	<u>2,480,628</u>	<u>13,943</u>	<u>644,403</u>	<u>796,099</u>	<u>450,420</u>	<u>3,215,599</u>	<u>27,466,491</u>
Balance at March 31, 2022	\$	<u>7,784,757</u>	<u>12,378,091</u>	<u>2,428,365</u>	<u>12,146</u>	<u>624,843</u>	<u>763,992</u>	<u>446,087</u>	<u>3,781,595</u>	<u>28,219,876</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, assets, which were partially pledged for the Group's long-term debts and short-term debts, were discussed further in Note (8).

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

(h) Right-of-use assets

The Group leases many assets including land and buildings, vehicles and other equipment. Information about leases for which the Group as a lessee is presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Others</u>	<u>Total</u>
Right-of-use assets cost:					
Balance at January 1, 2023	\$ 2,479,790	1,233,702	17,101	2,309	3,732,902
Additions	-	3,678	1,146	17	4,841
Reductions	-	-	(467)	-	(467)
Effect of changes in exchange rates	8,315	1,905	(26)	(14)	10,180
Balance at March 31, 2023	<u>\$ 2,488,105</u>	<u>1,239,285</u>	<u>17,754</u>	<u>2,312</u>	<u>3,747,456</u>
Balance at January 1, 2022	\$ 2,411,276	1,469,677	16,473	1,746	3,899,172
Additions	-	-	-	172	172
Reductions	(54)	(32,245)	-	-	(32,299)
Effect of changes in exchange rates	103,798	39,010	99	54	142,961
Balance at March 31, 2022	<u>\$ 2,515,020</u>	<u>1,476,442</u>	<u>16,572</u>	<u>1,972</u>	<u>4,010,006</u>
Accumulated right-of-use assets depreciation and impairment losses:					
Balance at January 1, 2023	\$ 259,143	433,521	8,342	1,430	702,436
Depreciation for the year	16,417	53,187	1,322	57	70,983
Reductions	-	-	(467)	-	(467)
Effect of changes in exchange rates	1,706	1,246	(24)	(11)	2,917
Balance at March 31, 2023	<u>\$ 277,266</u>	<u>487,954</u>	<u>9,173</u>	<u>1,476</u>	<u>775,869</u>
Balance at January 1, 2022	\$ 176,119	550,259	9,851	940	737,169
Depreciation for the year	17,000	51,657	1,266	40	69,963
Reductions	-	(29,899)	-	-	(29,899)
Others	-	(610)	-	-	(610)
Effect of changes in exchange rates	20,149	16,520	70	32	36,771
Balance at March 31, 2022	<u>\$ 213,268</u>	<u>587,927</u>	<u>11,187</u>	<u>1,012</u>	<u>813,394</u>
Carrying amounts:					
Balance at January 1, 2023	<u>\$ 2,220,647</u>	<u>800,181</u>	<u>8,759</u>	<u>879</u>	<u>3,030,466</u>
Balance at March 31, 2023	<u>\$ 2,210,839</u>	<u>751,331</u>	<u>8,581</u>	<u>836</u>	<u>2,971,587</u>
Balance at January 1, 2022	<u>\$ 2,235,157</u>	<u>919,418</u>	<u>6,622</u>	<u>806</u>	<u>3,162,003</u>
Balance at March 31, 2022	<u>\$ 2,301,752</u>	<u>888,515</u>	<u>5,385</u>	<u>960</u>	<u>3,196,612</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

(i) Intangible assets

	<u>Goodwill</u>	<u>Software cost</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2023	\$ <u>808,420</u>	<u>166,822</u>	<u>975,242</u>
Balance at March 31, 2023	\$ <u>808,420</u>	<u>157,690</u>	<u>966,110</u>
Balance at January 1, 2022	\$ <u>808,420</u>	<u>159,031</u>	<u>967,451</u>
Balance at March 31, 2022	\$ <u>808,420</u>	<u>133,381</u>	<u>941,801</u>

For the three months ended March 31, 2023 and 2022, there were no significant additions, disposal, recognition or reversal of impairment loss on intangible assets. Please refer to Note 12(a) for the details of amortization of intangible assets, and to Note 6(j) of the consolidated financial statements for the year ended December 31, 2022 for other related information.

As of March 31, 2023, December 31, 2022, and March 31, 2022, none of the aforesaid intangible assets were pledged as collateral.

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

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

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Refundable deposits	\$ 240,611	295,154	447,329
Current asset recognized as right to recover products from customers	200,265	300,998	317,506
Prepayments to suppliers	220,652	259,431	258,509
Restricted assets	2,012,429	1,676,578	1,001,474
Payments on behalf of others	504,372	373,540	303,539
Deferred tax assets	2,123,048	1,993,469	1,855,681
Others	<u>3,907,990</u>	<u>3,372,605</u>	<u>3,074,661</u>
	<u>\$ 9,209,367</u>	<u>8,271,775</u>	<u>7,258,699</u>

The Group 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 Group 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 March 31, 2023, December 31, 2022, and March 31, 2022, other assets, which were pledged as collateral, were discussed further in Note (8).

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

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

The other current liabilities-others and other non-current liabilities of the Group were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Provisions - Current	\$ 2,702,516	2,719,337	3,640,028
Temporary credits	8,099,920	8,125,748	8,910,897
Receipts under custody	2,161,825	3,236,436	2,108,217
Deferred tax liabilities	5,484,103	5,304,733	6,185,026
Others	579,228	755,727	354,229
	<u>\$ 19,027,592</u>	<u>20,141,981</u>	<u>21,198,397</u>

(l) Long-term and short-term borrowings

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

March 31, 2023				
	Interest Rate	Currency	Maturity Date	Amount
Secured bank loans	1.94%~4.88%	TWD	2031.02.26	\$ 2,375,000
		CNY	2024.02.14	2,166,514
Unsecured bank loans	1.61%~6.08%	TWD	2021.11.30~2023.06.15	3,883,771
		USD	2021.11.30~2025.07.07	30,825,411
		EUR	2021.11.30	1,535
		CNY	2023.05.07~2024.01.19	5,371,781
Total				<u>\$ 44,624,012</u>
Current				\$ 41,635,812
Non-current				2,988,200
Total				<u>\$ 44,624,012</u>
Unused credit line				<u>\$ 97,496,482</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

December 31, 2022				
	Interest Rate	Currency	Maturity Date	Amount
Secured bank loans	1.82%~4.88%	TWD	2031.02.26	\$ 2,450,000
		CNY	2024.02.14	2,087,351
Unsecured bank loans	0.57%~6.08%	TWD	2021.11.30~2023.03.08	3,653,770
		USD	2021.11.30~2025.10.14	50,912,143
		EUR	2021.11.30	1,535
		CNY	2023.05.07~2023.11.24	2,393,209
Total				\$ 61,498,008
Current				\$ 48,664,657
Non-current				12,833,351
Total				\$ 61,498,008
Unused credit line				\$ 73,159,482

March 31, 2022				
	Interest Rate	Currency	Maturity Date	Amount
Secured bank loans	1.44%~5.23%	TWD	2031.02.26	\$ 2,675,000
		CNY	2024.02.14	1,606,126
Unsecured bank loans	0.47%~6.07%	TWD	2021.11.30~2022.08.09	11,763,444
		USD	2021.11.30~2023.03.07	56,075,662
		EUR	2021.11.30	2,111
Total				\$ 72,122,343
Current				\$ 68,141,217
Non-current				3,981,126
Total				\$ 72,122,343
Unused credit line				\$ 43,284,838

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 agreement 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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

3. Others

Due to insolvency, Inventec Solar Energy Corporation resolved at its Board meeting on December 1, 2021, to file for bankruptcy to the court. When the court grants the bankruptcy ruling, Inventec Solar Energy Corporation will start the legal procedures of bankruptcy. As of December 31, 2021 and June 30, 2021, after the bank allocated the remaining balance offset by the related expenses, interests, and principles, Inventec Solar Energy Corporation recognized the borrowing as short-term and long-term loans within a year or a business cycle since the company borrowings have defaulted.

Inventec Solar Energy Corporation, resolved at its Board meeting on April 8, 2022, to sign the statement of settlement with seven creditor banks on April 11, 2022, and to sign an amendment agreement on April 13, 2022. Inventec Solar Energy Corporation borrowed money from a third party to pay for settlement to seven creditor banks. Furthermore, the creditor banks agreed to forgive the debts, and to waive all rights to the income of Inventec Solar Energy Corporation based on the credit contracts. The creditor banks have withdrawn the legal proceedings against Inventec Solar Energy Corporation and returned all the promissory notes issued under the credit contracts. However, since the conditions for derecognizing financial liabilities and recognizing the benefits of debt settlement have not yet been fully met, a balance of \$1,109,367 is still accounted as short-term borrowings and current portion of long-term borrowings.

(m) Lease liabilities

The Group lease liabilities were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Current	<u>\$ 213,412</u>	<u>210,376</u>	<u>175,246</u>
Non-current	<u>\$ 500,040</u>	<u>542,865</u>	<u>667,948</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2023	2022
Interests on lease liabilities	<u>\$ 5,622</u>	<u>5,666</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 9,512</u>	<u>8,326</u>
Expenses relating to short-term leases	<u>\$ 9,000</u>	<u>7,373</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 12,104</u>	<u>12,721</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

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

	For the three months ended March 31,	
	2023	2022
Total cash outflow for leases	\$ 83,315	83,398

1. Real estate leases

The Group leases land and buildings for its office space and plants. The leases of office space typically run for 2 to 13 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of equipment contain extension or cancellation options exercisable by the Group. 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 Group and not by the lessors. When the lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period will not be included within lease liabilities.

2. Other leases

The Group leases vehicles and other equipment, with lease terms of two to five years. In some cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

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

(n) Operating Leases

For the three months ended March 31, 2023, there were no significant changes on lease contracts. Please refer to Note 6(o) of the consolidated financial statements for the year ended December 31, 2022 for other related information.

(o) Employee benefits

1. Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

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

	For the three months ended March 31	
	2023	2022
Operating cost	\$ 365	326
Selling expenses	468	421
Administration expenses	904	858
Research and development expenses	2,125	1,878
	\$ 3,862	3,483

2. Defined contribution plans

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$72,545 and \$64,146 for the three months ended March 31, 2023 and 2022, respectively.

The pension expenses contributed by the foreign entities following the local regulations amounted to \$225,219 and \$220,204 for the three months ended March 31, 2023 and 2022, respectively.

(p) Income taxes

Income tax expense is estimated by multiplying the pretax income for the interim reporting period using the effective annual tax rate as forecasted by the management.

1. The components of income tax expense (gain) for the three months ended March 31, 2023 and 2022 were as follows:

	For the three months ended March 31	
	2023	2022
Current tax expenses		
Current period	\$ 261,713	452,644

For the three months ended March 31, 2023 and 2022, there were no income tax recognized in equity and other comprehensive income.

2. Income Tax approval

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

3. Profit-seeking enterprise income tax administrative remedies

The Group adopted the transfer pricing method on income tax declaration from year 2014 to 2016. As the calculation had a conflict with the opinion of the tax authority, the Group applied for administrative relief after paying the approved additional tax. The administrative appeal and litigation procedures are in progress.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

(q) Capital and other equity

Except for the following disclosures, there was no significant change for capital and other equity for the three months ended March 31, 2023 and 2022. For the related information, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2022.

1. Retained earnings

The Company's articles of incorporation require that after-tax earnings shall first be offset against any accumulated deficit, and 10% of the rest be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. 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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

3) Earnings Distribution

On March 14, 2023, and on March 15, 2022, the Company's Board of Directors resolved the amount of cash dividends of the earnings distribution of 2022 and 2021. These earnings were appropriated for distribution as follows:

	2022		2021	
	Dividend per share (NT dollars)	Amount	Dividend per share (NT dollars)	Amount
Dividends distributed to ordinary shareholders				
Cash	\$ 1.50	<u>5,381,213</u>	1.40	<u>5,022,465</u>

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

(r) Share-Based payments

There were no significant changes on share-based payment for the three months ended March 31, 2023. Please refer to Note 6(s) of the consolidated financial statements for the year ended December 31, 2022 for other related information.

(s) Earnings per share

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

	For the three months ended March 31	
	2023	2022
Basic earnings per share:		
Profit attributable to ordinary shareholders	<u>\$ 880,683</u>	<u>1,486,706</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>\$ 0.25</u>	<u>0.41</u>
Diluted earnings per share:		
Profit attributable to ordinary shareholders (diluted)	<u>\$ 880,683</u>	<u>1,486,706</u>
Weighted average number of ordinary shares (thousand shares)	<u>3,587,475</u>	<u>3,587,475</u>
Effect of dilutive potential common shares (thousand shares)		
Effect of employee share bonus	<u>17,506</u>	<u>23,719</u>
Weighted average number of ordinary shares (diluted)	<u>3,604,981</u>	<u>3,611,194</u>
Diluted earnings per share (NT dollars)	<u>\$ 0.24</u>	<u>0.41</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

(t) Revenue from contracts with customers

1. Disaggregation of revenue

For the three months ended March 31, 2023			
	Core	Others	Total
Primary geographical markets			
Taiwan	\$ 17,223,559	5,171	17,228,730
USA	83,188,070	231,850	83,419,920
Japan	1,508,359	79,932	1,588,291
Hong Kong, Macao and Mainland China	8,592,445	192,070	8,784,515
Other countries	9,138,503	22,945	9,161,448
	\$ 119,650,936	531,968	120,182,904
Major products			
Computer products	\$ 119,456,627	-	119,456,627
Services	194,309	5,160	199,469
Others	-	526,808	526,808
	\$ 119,650,936	531,968	120,182,904
For the three months ended March 31, 2022			
	Core	Others	Total
Primary geographical markets			
Taiwan	\$ 12,042,777	60,515	12,103,292
USA	96,030,670	54,690	96,085,360
Japan	814,044	39,745	853,789
Hong Kong, Macao and Mainland China	13,884,900	7,222	13,892,122
Other countries	5,851,348	9,112	5,860,460
	\$ 128,623,739	171,284	128,795,023
Major products			
Computer products	\$ 128,430,428	-	128,430,428
Services	193,311	5,803	199,114
Others	-	165,481	165,481
	\$ 128,623,739	171,284	128,795,023

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

2. Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022
Notes and Accounts receivable (included related parties)	\$ 87,532,891	89,578,195	95,086,611
Less: Loss allowance	(80,029)	(70,992)	(99,921)
Total	<u><u>\$ 87,452,862</u></u>	<u><u>89,507,203</u></u>	<u><u>94,986,690</u></u>
Contract liabilities	<u><u>\$ 13,568,477</u></u>	<u><u>12,596,823</u></u>	<u><u>7,685,743</u></u>

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

The amount of revenue recognized for the three months ended March 31, 2023 and 2022 were \$1,470,086 and \$1,155,417, 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.

(u) 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.

The employee remuneration may be distributed in the form of shares or cash, and the recipients of shares and cash may include employees of the Company's affiliated companies 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 \$75,445 and \$132,538 and the remuneration of directors amounted to \$9,985 and \$19,782 for the three months ended March 31, 2023 and 2022, 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 are expensed under operating cost or expenses. The difference between the actual amounts of employee remuneration and estimation of employee remuneration, if any, will be treated as changes in accounting estimates and adjusted in profit or loss in the following year.

In the financial statements for the years 2022 and 2021, the Company accrued the employee remuneration of \$516,364 and \$558,531, and the board of directors' remuneration of \$68,342 and \$83,422, respectively. There were no differences between the amounts to be distributed as remuneration to employees and directors and those of the estimation made by the Company. Related information would be available at the Market Observation Post System.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

(v) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	For the three months ended March 31	
	2023	2022
Interest income from bank deposits	<u>\$ 592,856</u>	<u>246,614</u>

2. Other income

The details of other income were as follows:

	For the three months ended March 31	
	2023	2022
Rent income	<u>\$ 65,529</u>	<u>61,404</u>

3. Other gains and losses

The details of other income and losses were as follows:

	For the three months ended March 31	
	2023	2022
Foreign exchange gains	\$ 167,206	686,544
Net gains on financial assets (liabilities) measured at fair value through profit or loss	89,781	9,858
(Losses) gains on disposal of property, plant and equipment	(19)	516
Others	<u>58,147</u>	<u>66,485</u>
	<u>\$ 315,115</u>	<u>763,403</u>

4. Finance costs

The details of finance expenses were as follows:

	For the three months ended March 31	
	2023	2022
Interest expenses		
Bank borrowings	\$ 758,413	129,162
Others	<u>362,236</u>	<u>151,433</u>
	<u>\$ 1,120,649</u>	<u>280,595</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

(w) Financial instruments

There were no significant differences in the Group's exposure to credit risk on financial instruments, except for the following. Please refer to Note (6)(x) of the consolidated financial statements for the year ended December 31, 2022 for other related information.

1. Liquidity risks

The following are the contractual maturities of financial liabilities of the Group, 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
March 31, 2023							
Non-derivative financial liabilities							
Secured bank loans	\$ 4,541,514	4,828,736	226,359	2,386,485	337,588	977,842	900,462
Unsecured bank loans	40,082,498	40,397,277	37,515,501	1,901,276	52,941	927,559	-
Accounts payable	78,444,384	78,444,384	78,444,384	-	-	-	-
Other payables	15,449,937	15,449,937	15,449,937	-	-	-	-
Lease liabilities	713,452	758,820	116,841	115,777	214,709	200,334	111,159
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	52,472	(3,822,680)	(3,822,680)	-	-	-	-
Inflow	-	3,770,208	3,770,208	-	-	-	-
Foreign exchange swap contracts not used for hedging:							
Outflow	97,441	(11,203,990)	(11,203,990)	-	-	-	-
Inflow	-	11,106,549	11,106,549	-	-	-	-
	\$ 139,381,698	139,729,241	131,603,109	4,403,538	605,238	2,105,735	1,011,621
December 31, 2022							
Non-derivative financial liabilities							
Secured bank loans	\$ 4,537,351	4,839,709	223,040	222,032	2,439,707	976,911	978,019
Unsecured bank loans	56,960,657	58,536,045	44,750,412	4,357,165	471,946	8,956,522	-
Accounts payable	64,404,174	64,404,174	64,404,174	-	-	-	-
Other payable	12,014,945	12,014,945	12,014,945	-	-	-	-
Lease liabilities	753,241	807,646	115,172	115,760	232,446	226,926	117,342
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	-	-	-	-
	\$ 138,962,751	140,310,136	121,215,360	4,694,957	3,144,099	10,160,359	1,095,361

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

	Carrying amounts	Contractual cash flows	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
March 31, 2022							
Non-derivative financial liabilities							
Secured bank loans	\$ 4,281,126	4,617,645	211,936	210,156	2,015,973	970,740	1,208,840
Unsecured bank loans	67,841,217	67,934,670	65,349,087	2,585,583	-	-	-
Accounts payable	92,337,576	92,337,576	92,337,576	-	-	-	-
Other payables	14,299,769	14,299,769	14,299,769	-	-	-	-
Lease liabilities	843,194	919,672	102,009	97,002	189,970	352,480	178,211
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	5,629	(2,033,340)	(2,033,340)	-	-	-	-
Inflow	-	2,027,711	2,027,711	-	-	-	-
Foreign exchange swap contracts not used for hedging:							
Outflow	526,437	(23,424,005)	(23,424,005)	-	-	-	-
Inflow	-	22,897,568	22,897,568	-	-	-	-
	<u>\$ 180,134,948</u>	<u>179,577,266</u>	<u>171,768,311</u>	<u>2,892,741</u>	<u>2,205,943</u>	<u>1,323,220</u>	<u>1,387,051</u>

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

2.Currency risks

1) Exposure to currency risks

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

March 31, 2023			
	Foreign currency (In thousand)	Exchange rate	TWD
Financial assets			
<u>Monetary items</u>			
USD	\$ 5,250,683	USD : TWD 30.44	159,830,791
	218,513	USD : CNY 6.87	6,651,536
	12,037	USD : CZK 21.60	366,406
CNY	4,448,971	CNY : USD 0.15	19,708,052
<u>Non-monetary items</u>			
USD	175,390	USD : TWD 30.44	5,338,875

INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

		March 31, 2023		
		Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD		4,434,633	USD : TWD 30.44	134,990,229
		89,300	USD : CNY 6.87	2,718,292
		17,095	USD : CZK 21.60	520,372
CNY		1,648,402	CNY : USD 0.15	7,302,091
		December 31, 2022		
		Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	5,645,393	USD : TWD 30.70	173,313,565
		312,280	USD : CNY 6.96	9,586,996
		12,544	USD : CZK 22.62	385,101
CNY		5,039,190	CNY : USD 0.14	22,212,750
<u>Non-monetary items</u>				
USD		173,135	USD : TWD 30.70	5,315,234
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD		4,934,576	USD : TWD 30.70	151,491,483
		197,792	USD : CNY 6.96	6,072,214
		18,797	USD : CZK 22.62	577,068
CNY		1,034,074	CNY : USD 0.14	4,558,198

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

	March 31, 2022		
	Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 6,537,143	USD : TWD 28.62	187,093,033
	551,218	USD : CNY 6.35	15,775,859
	55,079	USD : CZK 21.96	1,576,361
CNY	1,191,848	CNY : USD 0.16	5,373,328
JPY	5,404	JPY : TWD 0.23	1,261
<u>Non-monetary items</u>			
USD	103,794	USD : TWD 28.62	2,970,598
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	5,661,999	USD : TWD 28.62	162,046,411
	1,085,593	USD : CNY 6.35	31,069,672
	64,909	USD : CZK 21.96	1,857,696
CNY	308,665	CNY : USD 0.16	1,391,585

2) Sensitivity analysis

The Group'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 0.50% depreciation or appreciation of the functional currency against all the non-functional currency as of March 31, 2023 and 2022 would have increased or decreased the net profit after tax by \$173,634 and \$57,063, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2023 and 2022, the foreign exchange gain (loss), including realized and unrealized, amounted to \$167,206 and \$686,544, respectively.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

3. Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group'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 Group's net income would have decreased or increased by \$21,864 and \$35,546 for three months ended March 31, 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

4. Fair value of financial instruments

1) Fair value hierarchy

The Group 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 whose fair value cannot be reliably measured, the disclosure of their fair value information is not required:

	March 31, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 287,031	-	287,031	-	287,031
Non-derivative financial assets mandatorily measured at fair value through profit or loss	329,524	140,376	-	189,148	329,524
Subtotal	616,555	140,376	287,031	189,148	616,555

INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

March 31, 2023					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Accounts receivable	1,008,777	-	-	-	-
Stocks of listed companies	892,548	862,249	30,299	-	892,548
Unquoted equity instruments	4,358,014	-	-	4,358,014	4,358,014
Subtotal	6,259,339	862,249	30,299	4,358,014	5,250,562
Financial assets measured at amortized cost					
Cash and cash equivalents	39,008,653	-	-	-	-
Accounts receivable and other receivables	88,842,824	-	-	-	-
Subtotal	127,851,477	-	-	-	-
Total	\$ 134,727,371	1,002,625	317,330	4,547,162	5,867,117
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 149,913	-	149,913	-	149,913
Financial liabilities measured at amortized cost					
Bank loans	44,624,012	-	-	-	-
Accounts payable	78,444,384	-	-	-	-
Other payables	15,449,937	-	-	-	-
Lease liabilities	713,452	-	-	-	-
Subtotal	139,231,785	-	-	-	-
Total	\$ 139,381,698	-	149,913	-	149,913
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	679,937	104,867	-	575,070	679,937
Subtotal	1,115,802	104,867	435,865	575,070	1,115,802

INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

		December 31, 2022			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Accounts receivable	5,107,315	-	-	-	-
Stocks of listed companies	723,062	685,373	37,689	-	723,062
Unquoted equity instruments	3,928,007	-	-	3,928,007	3,928,007
Subtotal	9,758,384	685,373	37,689	3,928,007	4,651,069
Financial assets measured at amortized cost					
Cash and cash equivalents	42,450,643	-	-	-	-
Accounts receivable and other receivables	85,954,073	-	-	-	-
Subtotal	128,404,716	-	-	-	-
Total	\$ 139,278,902	790,240	473,554	4,503,077	5,766,871
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 292,383	-	292,383	-	292,383
Financial liabilities measured at amortized cost					
Bank loans	61,498,008	-	-	-	-
Accounts payable	64,404,174	-	-	-	-
Other payables	12,014,945	-	-	-	-
Lease liabilities	753,241	-	-	-	-
Subtotal	138,670,368	-	-	-	-
Total	\$ 138,962,751	-	292,383	-	292,383
		March 31, 2022			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 671,065	-	671,065	-	671,065
Non-derivative financial assets mandatorily measured at fair value through profit or loss	1,862,131	145,309	-	1,716,822	1,862,131
Subtotal	2,533,196	145,309	671,065	1,716,822	2,533,196

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

	March 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Accounts receivable	1,199,343	-	-	-	-
Stocks of listed companies	1,283,905	1,242,310	41,595	-	1,283,905
Unquoted equity instruments	4,020,598	-	-	4,020,598	4,020,598
Subtotal	6,503,846	1,242,310	41,595	4,020,598	5,304,503
Financial assets measured at amortized cost					
Cash and cash equivalents	45,982,366	-	-	-	-
Accounts receivable and other receivables	94,674,204	-	-	-	-
Subtotal	140,656,570	-	-	-	-
Total	<u>\$ 149,693,612</u>	<u>1,387,619</u>	<u>712,660</u>	<u>5,737,420</u>	<u>7,837,699</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 532,066	-	532,066	-	532,066
Financial liabilities measured at amortized cost					
Bank loans	72,122,343	-	-	-	-
Accounts payable	92,337,576	-	-	-	-
Other payables	14,299,769	-	-	-	-
Lease liabilities	843,194	-	-	-	-
Subtotal	179,602,882	-	-	-	-
Total	<u>\$ 180,134,948</u>	<u>-</u>	<u>532,066</u>	<u>-</u>	<u>532,066</u>

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

The fair value of financial assets and liabilities was 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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

C. The fair value of unquoted equity instruments was estimated using the market comparable price or net asset value method. The assumption of market comparable price method was based on a comparison between the market prices of each listed company, multiplied by using the estimated price. The discount effect is adjusted due to lack of market liquidity in equity securities.

D. The fair value of unquoted instruments was 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 investee 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 three months ended March 31, 2023 and 2022.

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, 2023	\$ 575,070	3,928,007
Total gains and losses recognized in		
Profit or loss	21,043	-
Other comprehensive income	-	429,242
Purchase	-	30,750
Disposals	(408,960)	(30,188)
Effect of movements in exchange rates	1,995	203
Balance as of March 31, 2023	\$ 189,148	4,358,014
Balance as of January 1, 2022	\$ 1,864,005	4,023,869
Total gains and losses recognized in		
Profit or loss	(145,902)	-
Other comprehensive income	-	(21,924)
Purchase	440,500	11,208
Disposals	(451,997)	-
Effect of movements in exchange rates	10,216	7,445
Balance as of March 31, 2022	\$ 1,716,822	4,020,598

INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

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 Group still held as of March 31, 2023 and 2022, were as follow:

	For the three months ended March 31,	
	2023	2022
Total gains and losses recognized:		
In profit or loss, and presented in “other gains and losses”	\$ 18,662	(158,352)
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	429,659	(21,924)

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

The Group 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	Discounted Cash Flow Method	· Discounted Rate (2.80%~3.40% on December, 31, 2022, and 2.39%~3.40% on March 31, 2022)	· The higher the discount rate, the lower the fair value
Financial assets at fair value through profit or loss—equity instruments investments without an active market	Net Asset Value Method	· Net Asset Value	· Not applicable
Financial assets at fair value through profit or loss—equity instruments investments without an active market	Comparable Listed Companies Method	· Market Multiple (1.17~2.44) · Discount due to Lack of Market liquidity (30%)	· 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	Comparable Listed Companies Method	· Market Multiple (0.63~3.30) · Discount due to Lack of Market liquidity (30%~50%)	· 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	· Net Asset Value	· Not applicable

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

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

The Group'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:

			Impact on Fair Value Change on		Impact on Fair Value Change on	
			Net income or loss		Other Comprehensive	
			Favorable	Unfavorable	Favorable	Unfavorable
	Input	Variation	Change	Change	Change	Change
March 31, 2023						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Market Multiple	0.5%	\$ 946	(946)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	21,720	(21,720)
December 31, 2022						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 3,432	(3,432)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	19,569	(19,569)
March 31, 2022						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 6,192	(6,192)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	20,100	(20,100)

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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

5. Offsetting financial assets and financial liabilities

The Group has financial instrument 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 Group also performs transactions not compliance with offsetting term of statement, but the Group 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.

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

March 31, 2023						
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	
Offsetting agreement	\$ 270,398,251	269,817,709	580,542	-	-	580,542
Derivative financial instruments	272,849	-	272,849	-	-	272,849
Accounts receivable and payable	15,850,036	2,699,210	13,150,826	-	-	13,150,826
Total	<u>\$ 286,521,136</u>	<u>272,516,919</u>	<u>14,004,217</u>	<u>-</u>	<u>-</u>	<u>14,004,217</u>

March 31, 2023						
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	\$ 107,512	-	107,512	-	-	107,512
Accounts receivable and payable	15,517,441	2,699,210	12,818,231	-	-	12,818,231
Total	<u>\$ 15,624,953</u>	<u>2,699,210</u>	<u>12,925,743</u>	<u>-</u>	<u>-</u>	<u>12,925,743</u>

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022

INVENTEC CORPORATION AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)****March 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

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	
Offsetting agreement	\$ 295,730,880	295,149,472	581,408	-	-	581,408
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>\$ 301,178,443</u>	<u>299,004,139</u>	<u>2,174,304</u>	<u>-</u>	<u>-</u>	<u>2,174,304</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
Total	<u>\$ 4,727,520</u>	<u>3,854,667</u>	<u>872,853</u>	<u>-</u>	<u>-</u>	<u>872,853</u>
March 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	
Offsetting agreement	\$ 380,869,021	380,551,719	317,302	-	-	317,302
Derivative financial instruments	671,065	-	671,065	-	-	671,065
Total	<u>\$ 381,540,086</u>	<u>380,551,719</u>	<u>988,367</u>	<u>-</u>	<u>-</u>	<u>988,367</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

March 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	\$ 249,222	-	249,222	-	-	249,222

Note: Master netting arrangements are included.

(x) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(y) of the consolidated financial statements for the year ended December 31, 2022.

(y) Capital Management

Management believes that the objectives, policies and processes of capital management of the Group have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed in Note (6)(z) for the year ended December 31, 2022.

(z) Investing and financing activities not affecting the current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the nine months ended March 31, 2023 and 2022, were as follows:

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

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

	January 1, 2023	Cash flows	Non-cash changes		March 31, 2023
			Reclassification	Foreign exchange movement	
Long-term borrowings	\$ 12,833,351	(7,702,000)	(2,162,351)	19,200	2,988,200
Short-term borrowings (including current portion of long-term borrowings)	48,664,657	(9,159,214)	2,162,351	(31,982)	41,635,812
Lease liabilities (Note)	753,241	(47,077)	4,841	2,447	713,452
Total liabilities from financing activities	\$ 62,251,249	(16,908,291)	4,841	(10,335)	45,337,464

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

	January 1, 2022	Cash flows	Non-cash changes Reclassification	Foreign exchange movement	March 31, 2022
Long-term borrowings	\$ 3,790,708	208,488	(75,000)	56,930	3,981,126
Short-term borrowings (including current portion of long-term borrowings)	61,942,809	4,374,988	75,000	1,748,420	68,141,217
Lease liabilities (Note)	876,493	(49,312)	(2,565)	18,578	843,194
Total liabilities from financing activities	<u>\$ 66,610,010</u>	<u>4,534,164</u>	<u>(2,565)</u>	<u>1,823,928</u>	<u>72,965,537</u>

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

(7) Related Parties Transactions

(a) Names and relationships with the Group

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Names of related party	Relationships with the Group
Inventec Besta Co., Ltd.	Associates
Besta Digital Technology Co., Ltd.	Subsidiary of associates
Inventec Besta (XiAn) Co., Ltd.	Subsidiary of associates
Good Future Biomedical Technology Corp.	Associates
Yingtengda (Guangdong) Technology Co.,Ltd	Associates
Intentech HongKong Technoloty Limit	Subsidiary of associates
Gainia Intellectual Asset Services, Inc.	Associates
Testron Technology (JiangSu) Co., Ltd.	Associates
Inventec Group Charity Foundation	Over one-third of total amount of fund donated by the Company
Kou-I Yeh	Director of the Board of the Company
Li-Cheng Yeh	Director of the Board of the Company
Shih-Chih Wen	Director of the Board of the Company
Chiung-Nan Yang	Spouse of a director of the Company
Yu-Jung Wen, Yu-Chin Wen	Children of a director of the Company

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

(b) Significant transactions with related parties

1. Sales

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

	For the three months ended March 31	
	2023	2022
Associates	\$ 15	118,307
Other related parties	24	-
	\$ 39	118,307

For associates and other related parties, the price and terms were determined in accordance with mutual agreements with its collection terms of 30~90 days for sales. Receivables from related parties were not secured with collaterals, and did not require provisions for impairment.

2. Receivable from related parties

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

Account	Relationship Categories	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable	Associates	\$ -	1,285,573	126,646
Other receivables	Associates	154	22	-
		\$ 154	1,285,595	126,646

3. Payable to related parties

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

Account	Relationship Categories	March 31, 2023	December 31, 2022	March 31, 2022
Accounts payable	Associates	\$ -	292	-
Other payables	Associates	80,386	83,975	4,719
"	Other related parties	909,228	914,682	300,000
		\$ 989,614	998,949	304,719

As of March 31, 2023, December 31, 2022, and March 31, 2022, the Group borrowed the amount of \$909,228, \$914,682 and \$300,000 from the shareholder, which were accounted as other payables. The borrowing interest rate was 1.06%~1.50%.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

4. Property transactions

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

	For the three months ended March 31	
	2023	2022
Associates	\$ 70,235	3,343
Other related parties	-	88,126
	\$ 70,235	91,469

5. Others

- 1) Rental and other revenue collected from related parties were as follows:

	For the three months ended March 31	
	2023	2022
Associates	\$ 735	660

- 2) Donations to other related parties were as follows:

	For the three months ended March 31	
	2023	2022
Other related parties	\$ 15,000	10,000

- 3) Payments for fixture expenses, system development expenses, maintenance expenses and service expenses to associates were as follows:

	For the three months ended March 31	
	2023	2022
Associates	\$ 7,706	1,151

- (c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31	
	2023	2022
Short-term employee benefits	\$ 127,807	108,297
Post-employment benefit	1,372	1,043
	\$ 129,179	109,340

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

(8) Assets Pledged as Security

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

Assets pledged as security	Liabilities secured by pledge	March 31, 2023	December 31, 2022	March 31, 2022
Refundable deposits (Other non-current assets)	Membership guarantee and rental deposit	\$ 240,611	295,154	447,329
Restricted cash in banks (Other current assets and Other non-current assets)	Guarantee and the account of repatriated offshore funds	2,012,429	1,676,578	1,001,474
Land, buildings and constructions (Property, plant and equipment, and right-of-use assets)	Current portion long-term borrowings and long-term borrowings	8,814,862	8,813,003	9,244,108
Total		<u>\$ 11,067,902</u>	<u>10,784,735</u>	<u>10,692,911</u>

(9) Significant Commitments and Contingencies

(a) Major Commitments:

1.Unused standby letters of credit were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
EUR	\$ -	-	19

2.Promissory notes issued for bank credit, forward contracts, secured deposits for executing technology agreements with the government and property deposits were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
TWD	\$ 18,401,485	18,201,232	21,955,465
USD (in thousands)	1,827,400	1,827,400	1,753,400

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

(12) Other

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

By function By item	For the three months ended March 31, 2023			For the three months ended March 31, 2022		
	Operating costs	Operating and non-operating expense	Total	Operating costs	Operating and non-operating expense	Total
Employee benefits						
Salary	1,834,335	2,375,510	4,209,845	2,065,424	2,395,723	4,461,147
Labor and health insurance	220,115	255,284	475,399	192,508	218,273	410,781
Pension	152,312	149,314	301,626	151,620	136,213	287,833
Others	124,635	112,888	237,523	170,304	76,096	246,400
Depreciation	365,118	212,373	577,491	353,479	182,335	535,814
Amortization	75,472	165,804	241,276	47,506	107,072	154,578

(13) Other disclosures

- (a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2023:

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	61,348	22,150	13,290	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	133,260	132,900	132,900	3.045%	2	-	"	-	"	-	1,515,747	1,515,747
2	"	Inventec Appliances (Pudong) Corp.	Other receivables	Y	932,820	930,300	-		2	-	"	-	"	-	1,515,747	1,515,747
3	Inventec Appliances Corp.(Note 3)	Inventec Appliances (Malaysia) SDN. BHD.	Other receivables	Y	1,370,700	1,369,800	1,368,104	1.60%	2	-	"	-	"	-	1,467,522	2,935,043

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022

INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

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
4	Inventec (Pudong) Corp. (Note 4)	Inventec Asset-Management (Shanghai) Corporation	Other receivables	Y	1,599,120	1,594,800	1,417,600	5.175%	2	-	Working Capital	-	None	-	1,727,450	1,727,450
5	Inventec (Shanghai) Corp. (Note 2)	Inventec QD (Shanghai) Corporation	Other receivables	Y	44,300	44,300	-		2	-	"	-	"	-	2,086,013	2,086,013

Note 1: Purpose of fund financing for the borrower:

(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 translated into New Taiwan Dollars using spot rates at the financial report date.

2. Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement	Relationship with the Company	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
0	The Company	IEC Technologies, S.DE R.L. DE C.V	2	27,785,859	304,600	304,400	-	-	0.55 %	27,785,859	Y	N	N
0	"	Inventec (Czech), s.r.o.	2	27,785,859	15,230	15,220	-	-	0.03 %	27,785,859	Y	N	N
1	Inventec Appliances Corp.	Inventec Appliances (Malaysia) SDN. BHD.	2	3,668,804	2,763,481	2,761,939	916,332	-	37.64 %	3,668,804	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.

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022

INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

3. Securities held at the reporting 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	741,440	0.96 %	741,440	
"	Amphastar Pharmaceuticals Inc.	-	Non-current financial assets at fair value through other comprehensive income	26	29,458	0.05 %	29,458	
"	Arima Communications Corp.	-	"	7,390	30,299	10.15 %	30,299	
"	Tomorrow Studio Co., Ltd	-	"	29	69	0.15 %	69	
"	Tai Yi Precision Corporation	-	"	2,540	-	6.67 %	-	
"	New E Materials Co., Ltd.	-	"	1,760	8,096	16.00 %	8,096	
"	Top Taiwan Xiv Venture Capital Co., Ltd.	-	"	30,000	300,900	13.76 %	300,900	
"	Rasilent Systems, Inc. preference share	-	"	3,632	-	6.20 %	-	
"	SKSpruce Holding Limited preferred stock	-	"	3,746	34,933	3.72 %	34,933	
"	CloudMosa Technologies, Inc. preferred stock	-	"	235	38,209	2.08 %	38,209	
"	XMEMS LABS INC	-	"	1,000	30,750	0.85 %	30,750	
"	Rescale, Inc. preferred stock	-	"	355	10,554	1.16 %	10,554	
"	Sensel, Inc. preferred stock	-	"	532	8,318	2.58 %	8,318	
"	ASOCS LTD. preferred stock	-	"	360	-	1.43 %	-	
"	Atayalan, Inc. preferred stock	-	"	1,553	3,617	3.38 %	3,617	
"	ZT Group Int'l, Inc.	-	"	-	2,501,779	10.00 %	2,501,779	
"	SKSpruce Holding Limited convertible short-term note	-	Current financial assets at fair value through profit or loss	-	13,733	- %	13,733	
"	Empass Technology	-	Non-current financial assets at fair value through profit or loss	560	15,604	6.71 %	15,604	
"	Entire Technology Co., Ltd.	-	"	3,260	93,529	4.13 %	93,529	
"	Imedtac Co., Ltd.	-	"	1,200	48,562	8.43 %	48,562	
"	TMY Technology Inc.	-	"	2,857	16,366	8.00 %	16,366	
"	Enflex Corporation	-	"	750	2,114	0.92 %	2,114	

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022

INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

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	1,240,729	13.17 %	1,240,729	
Saint Investment Consulting Corporation	Shanghai StarFive Technology Co., Ltd.	-	"	17	2,832	0.66 %	2,832	
	Guangdong StarFive Technology Co., Ltd.	-	"	522	85,763	0.66 %	85,763	
Inventec (Chongqing) Corp.	Kunshan Joing Technology Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	5,948	71,986	2.96 %	71,986	
Inventec Development Japan Corporation	Famm Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	100	13,916	16.00 %	13,916	
Inventec Investments Co., Ltd.	ENNOSTAR Inc.	-	Current financial assets at fair value through profit or loss	881	46,847	0.12 %	46,847	
"	UCFUNNEL CO LTD	-	Non-current financial assets at fair value through other comprehensive income	83	18,188	5.00 %	18,188	
"	Sagacity Tech. Co., Ltd.	-	"	79	506	15.00 %	506	
"	Living Pattern Technology Inc.	-	"	4	367	13.70 %	367	
Inventec Appliances Corp.	SCOPE INDUSTRIES BERHAD	-	"	84,444	90,244	7.32 %	90,244	
"	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	
"		-	"	22	1,107	0.07 %	1,107	
"	GCT Semiconductor, Inc.	-	"	93	-	0.12 %	-	
"	Pandigital Worldwide, Ltd. preferred stock	-	"	939	-	4.80 %	-	
"	3GTMobile Corporation	-	"	314	-	2.88 %	-	
"	Linc Global Inc. (Proximiant, Inc.) preferred stock	-	"	594	-	5.30 %	-	
"	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	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

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 (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 %	-	
Inventec Appliances (Cayman) Holding Corp.	Digital Chaotex Holdings Ltd.(Class A2 preferred stock)	-	"	446	-	2.08 %	-	

Note 1: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

- Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
- 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	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			
A subsidiary in Vietnam under incorporation (Note 1)	Land use rights	2022/12/27-2023/02/21	703,640	The Company prepaid a 20% deposit on the first installment for its Vietnam subsidiary that has yet to be established.	N&G Investments, LLC	Non-related parties	-	-	-	-	Appraisal report: Thanh Do Valuation Joint Stock Company, USD 24,879 thousands	Plant	None
Inventec (Czech), S.R.O	Right-of-use asset	2022/11/11-2023/03/17	1,471,909 (Note 2)	The deposit of EUR 300 thousands (TWD 9,885 thousands) has already been paid.	CTP Moravia South, spol. s r.o.	Non-related parties	-	-	-	-	The real estate appraisal report provided by professional appraiser.	Plant	None

Note 1: The Vietnam subsidiary will enter into a lease agreement upon the completion of its establishment.

Note 2: The agreement entered into in March 2023 stated that the transaction amount is the estimated amount of the right-of-use asset in January 2025.

- Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022

INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

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	18,704,786	17.91 %	105 days	Negotiated price	No general trading partner can be compared.	23,831,102	27.22 %	
"	Inventec Corporation (Hong Kong) Ltd.	"	Purchases	73,205,809	72.72 %	90-105 days	"	"	(62,884,444)	56.09 %	
"	Inventec Holding (North America) Corp.	"	Purchases	255,815	0.25 %	105 days	"	"	(324,788)	0.29 %	
Inventec Holding (North America) Corp.	The Company	Parent	Purchases	18,704,786	95.18 %	105 days	"	"	(23,831,102)	98.09 %	
"	"	"	Sales	255,815	1.19 %	105 days	"	"	324,788	2.71 %	
"	SQ Technology (Shanghai) Corporation	Associates	Sales	226,748	1.06 %	105 days	"	"	224,198	1.87 %	
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	Sales	73,205,809	100.00 %	90-105 days	"	"	62,884,444	51.93 %	
"	Inventec (Pudong) Technology Corp.	Associates	Purchases	5,104,685	6.97 %	105 days	"	"	(8,707,529)	7.19 %	
"	SQ Technology (Shanghai) Corporation	"	Purchases	3,471,302	4.74 %	105 days	"	"	(9,428,920)	7.79 %	
"	Inventec (Chongqing) Corp.	"	Purchases	64,629,822	88.29 %	90 days	"	"	(44,747,995)	36.95 %	
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	"	Sales	5,104,685	76.87 %	105 days	"	"	8,707,529	89.11 %	
"	SQ Technology (Shanghai) Corporation	"	Sales	1,002,968	15.10 %	105 days	"	"	614,147	6.29 %	
"	Inventec (Shanghai) Corp.	"	Sales	159,167	2.40 %	105 days	"	"	136,480	1.40 %	
Inventec (Shanghai) Corp.	Inventec (Pudong) Technology Corp.	"	Purchases	159,167	100.00 %	105 days	"	"	(136,480)	91.97 %	
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	"	Sales	64,629,822	99.77 %	90 days	"	"	44,747,995	99.75 %	
"	Inventec Corporation (Hong Kong) Ltd.	"	Sales	3,471,302	32.66 %	105 days	"	"	9,428,920	52.23 %	
"	Inventec (Pudong) Technology Corp.	"	Purchases	1,002,968	8.38 %	105 days	"	"	(614,147)	2.74 %	
"	Inventec Holding (North America) Corp.	"	Purchases	226,748	1.89 %	105 days	"	"	(224,198)	1.00 %	

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022

INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

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	2,709,354	58.44 %	110 days	Negotiated price	No general trading partner can be compared.	(4,373,278)	71.57 %	
"	Inventec Appliances (Nanjing) Corp.	"	Purchases	160,762	3.47 %	45 days	"	"	(77,747)	1.27 %	
"	Inventec Appliances (Malaysia) SDN. BHD.	"	Purchases	653,961	14.10 %	110 days	"	"	(799,001)	13.08 %	
"	Inventec Appliances (USA) Distribution Corp.	"	Sales	136,191	2.62 %	45 days	"	"	94,946	3.04 %	
Inventec Appliances (USA) Distribution Corp.	Inventec Appliances Corp.	"	Purchases	136,191	100.00 %	45 days	"	"	(94,946)	100.00 %	
Inventec Appliances (Pudong) Corp.	"	"	Sales	2,709,354	96.40 %	110 days	"	"	4,373,278	95.62 %	
Inventec Appliances (Nanjing) Corp.	"	"	Sales	160,762	18.16 %	45 days	"	"	77,747	12.20 %	
Inventec Appliances (Malaysia) SDN. BHD.	"	"	Sales	653,961	88.41 %	110 days	"	"	799,001	87.08 %	

Note 1: Based on the negotiated price while trading.

Note 2: The aforementioned inter-company transactions were eliminated in the consolidated financial statements.

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	23,831,102	2.84	3,718,448	Received in the subsequent period	3,918,645	-
"	Inventec (Czech), s.r.o.	Subsidiary	499,967	0.71	358,050	Received in the subsequent period	67,460	-
"	Inventec Corporation (Hong Kong) Ltd. (Note 1)	Subsidiary	57,859,198	-	13,268,696	Received in the subsequent period	16,792,245	-
Inventec Holding (North America) Corp.	The Company	Parent	324,788	4.21	-	Received in the subsequent period	35,494	-
"	SQ Technology (Shanghai) Corporation	Associates	224,198	7.44	-		66	-
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	62,884,444	4.14	8,178,701	Received in the subsequent period	13,848,075	-
"	Inventec (Pudong) Technology Corp. (Note 1)	Associates	3,264,338	-	1,507,601	Received in the subsequent period	581,751	-
"	SQ Technology (Shanghai) Corporation (Note 1)	Associates	19,031,671	-	11,761,095	Received in the subsequent period	4,818,424	-
"	Inventec (Chongqing) Corp. (Note 1)	Associates	35,563,189	-	-		11,392,070	-

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022

INVENTEC CORPORATION AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)****March 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

Name of company	Counter party	Relationship	Ending balance	Turnover	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	8,707,529	2.05	2,573,626	Received in the subsequent period	608,800	-
"	SQ Technology (Shanghai) Corporation	Associates	614,280	4.99	-		-	-
"	Inventec (Shanghai) Corp.	Associates	136,480	6.49	-		30,452	-
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	44,747,995	4.99	-		10,806,200	-
SQ Technology (Shanghai) Corporation	Inventec Corporation (Hong Kong) Ltd.	Associates	9,428,920	1.54	5,605,075	Received in the subsequent period	2,433,075	-
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	Parent	4,373,278	1.88	-		337,081	-
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Associates	162,737	1.46	98,585	Received in the subsequent period	24,227	-
Inventec Appliances (Malaysia) SDN. BHD.	Inventec Appliances Corp.	Parent	799,001	3.30	-		285,932	-
"	Inventec Appliances (Pudong) Corp.	Associates	118,595	1.60	29,467	Received in the subsequent period	128,870	-

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

Note 2: The aforementioned inter-company transactions were eliminated in the consolidated financial statements.

Note 3: The aforementioned inter-company transactions did not include the loans to related parties. For the relevant amounts, please refer to note 13(a)1 "Loans to other parties".

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

10. Business relationships and significant inter-company transactions:

No.	Name of company	Name of counter party	Existing relationship with the counter-party	Intercompany Transactions			
				Account name	Amount	Terms of trading	Percentage of the consolidated total revenue or total assets
0	Inventec Corporation	Inventec Holding (North America) Corp.	1	Sales	18,704,786	Negotiated price	16 %
	"	"	1	Accounts Receivable	23,831,102	105 days	10 %
	"	Inventec Corporation (Hong Kong) Ltd.	1	Purchases	73,205,809	Negotiated price	61 %
	"	"	1	Other Receivables	57,859,198	90-105 days	25 %
	"	"	1	Accounts Payable	62,884,444	"	27 %
1	Inventec Corporation (Hong Kong) Ltd.	Inventec (Pudong) Technology Corp.	3	Purchases	5,104,685	Negotiated price	4 %
	"	"	3	Accounts Payable	8,707,529	105 days	4 %
	"	"	3	Accounts Receivable	3,264,338	"	1 %
	"	SQ Technology (Shanghai) Corporation	3	Purchases	3,471,302	Negotiated price	3 %
	"	"	3	Accounts Payable	9,428,920	105 days	4 %
	"	"	3	Accounts Receivable	19,031,671	"	8 %
	"	Inventec (Chongqing) Corp.	3	Purchases	64,629,822	Negotiated price	54 %
	"	"	3	Accounts Payable	44,747,995	90 days	19 %
	"	"	3	Accounts Receivable	35,563,189	"	15 %

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022

INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

No.	Name of company	Name of counter party	Existing relationship with the counter-party	Intercompany Transactions			
				Account name	Amount	Terms of trading	Percentage of the consolidated total revenue or total assets
2	Inventec (Pudong) Technology Corp.	SQ Technology (Shanghai) Corporation	3	Sales	1,002,968	Negotiated price	1 %
	"	"	3	Accounts Receivable	614,147	105 days	- %
3	Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	3	Purchases	2,709,354	Negotiated price	2 %
	"	"	3	Accounts Payable	4,373,278	110 days	2 %

Note 1: Company numbering as follows:

- 1.Parent company - 0.
- 2.Subsidiaries starts from 1.

Note 2: The numbering of the relationship between transaction parties as follows:

- 1.Parent company to subsidiary.
- 2.Subsidiary to parent company.
- 3.Subsidiary to subsidiary.

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated asset; if categorized as income or loss, the calculation is compared with the consolidated operating revenue.

(b) Information on investments:

The following is the information on investees for the three months ended March 31, 2023 (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 March 31, 2023			Net income (loss) of the investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	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 %	214,705	(22,015)	(8,262)	Investment accounted for using equity method
"	Inventec Corporation (Hong Kong) Ltd.	Hong Kong	Trading	167,162	167,162	2,500	100.00 %	418,124	(419)	(419)	Subsidiary
"	Inventec Holding (North America) Corp.	USA	Holding Company	3,335,143	3,335,143	2,011	100.00 %	4,920,751	64,435	64,435	"
"	Inventec Appliances Corp.	New Taipei City	Production and sales of intelligent devices	9,656,877	9,656,877	536,857	100.00 %	8,107,063	(324,171)	(324,171)	"
"	Inventec (Cayman) Corp.	Cayman	Holding Company	9,812,963	9,812,963	301,768	100.00 %	27,346,018	722,341	722,341	"
"	IEC (Cayman) Corporation	Cayman	Holding Company	739,500	739,500	25,000	100.00 %	1,826,757	64,453	64,453	"
"	Inventec (Czech), S.R.O.	Czech	Production and sales of computer products	85,921	85,921	-	100.00 %	294,772	52,950	52,950	"
"	Inventec Investment Co., Ltd.	Taipei	Investment Company	1,000,000	1,000,000	108,800	100.00 %	78,661	7,305	7,305	"

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022

INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2023			Net income (loss) of the investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
The Company	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	1,087,800	1,087,800	108,150	33.45 %	(661,015)	(2,912)	56	Subsidiary
"	Inventec Development Japan Corporation	Japan	Trading	630,845	630,845	45	100.00 %	19,395	(223)	(223)	"
"	Inventec Japan Corporation	Japan	Trading and management service	2,954	2,954	-	100.00 %	3,187	75	75	"
"	AIMobile Co., Ltd.	Taipei	Developing, production and sales of intelligent mobile devices	80,300	80,300	8,030	73.00 %	36,543	(11,319)	(8,263)	"
"	InveneXt System Co., Ltd.	Taipei	5G Services - hardware and software	50,000	50,000	5,000	100.00 %	49,872	-	-	"
Inventec Investment Co., Ltd.	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	150,000	150,000	15,000	4.64 %	(95,819)	(2,912)	-	Associate Company
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Cayman	Holding Company	6,075,052	6,075,052	199,575	100.00 %	12,227,125	(630,724)	-	"
"	Gainia Intellectual Asset Services, Inc.	Taipei	Intellectual property rights integrative services	6,240	6,240	189	35.87 %	378	(1,557)	-	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 %	20,394	(833)	-	"
"	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	311,160	311,160	30,930	9.57 %	(197,578)	(2,912)	-	Associate Company
"	Inventec Appliances (Vietnam) Company Limited	Vietnam	Production and sales of intelligent devices	91,320	91,320	-	100.00 %	80,691	(8,230)	-	"
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	USA	Marketing promotion	24,352	24,352	400	100.00 %	101,602	545	-	"
"	Inventec Appliances Corporation USA, Inc.	"	Sales services	1,522	1,522	10	100.00 %	15,923	311	-	"
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	Malaysia	Production and sales of intelligent devices	874,016	874,016	121,000	100.00 %	(236,947)	(141,967)	-	"

Note 1: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 2: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

Note 3: According to the regulations, investment companies other than the Company are not required to disclose the share of income / loss of investees.

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022

INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

(c) Information on investments 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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023	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	368,680	(2)	60,880	-	-	60,880	4,317	100.00 %	4,317	332,086	30,234
Inventec (ChongQing) Service Co., Ltd	Sales of computer products	30,440	(2)	30,440	-	-	30,440	(18)	100.00 %	(18)	40,856	-
Inventec(Pudong) Co., Ltd	Sales of computer products	1,522,000	(2)	1,522,000	-	-	1,522,000	23,739	100.00 %	23,739	4,452,266	-
Inventec (Shanghai) Co.,Ltd.	Sales of computer products	2,118,198	(2)	897,980	-	-	897,980	5,134	100.00 %	(9,242)	1,884,777	-
Inventec (ChongQing) Corporation	Production and sales of computer products	2,283,000	(2)	2,283,000	-	-	2,283,000	526,883	100.00 %	526,883	12,289,788	2,242,107
Inventec (Pudong) Technology Corp.	Production and sales of computer products	1,783,532	(2)	1,522,000	-	-	1,522,000	262,157	100.00 %	250,708	8,040,278	321,599
Inventec Electronics (Tianjin) Co.,Ltd.	Electronic product software development	152,200	(2)	129,370	-	-	129,370	3,580	100.00 %	3,580	267,471	149,517
Inventec Electronics (Beijing) Co.,Ltd.	Electronic product software development	44,138	(2)	44,138	-	-	44,138	(7,108)	100.00 %	(7,108)	70,585	-
Inventec Hi-Tech Corporation	Sales of computer products	1,522,000	(2)	1,522,000	-	-	1,522,000	(7,992)	100.00 %	(7,992)	1,692,506	-
Inventec Asset-Management(Shanghai) Corporation	Leasing	1,896,863	(3)	-	-	-	-	(8,733)	78.00 %	(6,812)	1,348,147	-
Saint Investment Consulting Corporation	Business management	265,788	(3)	-	-	-	-	4,491	100.00 %	4,491	298,345	-
SQ Technology (Shanghai) Corporation	Production and sales of computer products	233,055	(3)	-	-	-	-	220,834	100.00 %	220,834	(280,307)	-
Truswe (ChongQing) Technology Co.,Ltd	Sales of electronic products	132,894	(3)	-	-	-	-	(716)	20.00 %	(143)	22,639	-
Yingtengda(Guangdong) Technology Co., Ltd. (Note 8)	Production and sales of computer products	44,298	(3)	-	-	-	-	(1,178)	15.00 %	-	33,223	-
Testron Technology(Jiangsu) Co., Ltd.	Production and sales of electronic products	123,200	(3)	-	-	-	-	58,613	9.99 %	5,854	103,805	-
Shanghai Haixin Electronic Technology Co., Ltd.	Production and sales of electronic products	9,724	(3)	-	-	-	-	(3,025)	18.00 %	(475)	43,283	-
Dawnline Nanjing Intelligent Technology Co., Ltd	Solution of intelligent transportation	6,781	(3)	-	-	-	-	(5,735)	15.00 %	(860)	43,442	-
Inventec Appliances (Shanghai) Corp.	Development of intelligent devices	1,570,704	(2)	1,464,713	-	-	1,464,713	(24,577)	100.00 %	(24,577)	1,498,775	1,535,981
Inventec Appliances (Pudong) Corp.	Production and sales of intelligent devices	2,343,880	(2)	2,343,880	-	-	2,343,880	(610,137)	100.00 %	(579,601)	6,548,919	2,297,117

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022

INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

(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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023	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 (Jiangning) Corp.	Production and sales of intelligent devices	2,069,920	(2)	1,278,480	-	-	1,278,480	(13,917)	100.00 %	(17,747)	3,552,649	3,571,176
Inventec Appliances (Nanjing) Corp.	House leasing	152,200	(2)	273,396	-	-	273,396	(10,924)	100.00 %	(10,924)	425,591	85,353
Inventec Appliances (Xi'an) Corporation	House leasing	121,760	(2)	121,760	-	-	121,760	2,148	100.00 %	2,148	77,554	-
Inventec Appliances (Nanchang) Corp.	Development of intelligent devices	63,924	(2)	63,924	-	-	63,924	(817)	100.00 %	(817)	(1,206)	-
Apex Business Managements & Consulting (Shanghai) Co., Ltd.	Business management and Consulting	2,223	(3)	-	-	-	-	2,159	100.00 %	2,159	130,222	-
Inventec Appliances (Shanghai) Enterprise	Industrial investment and investment management	35,438	(3)	-	-	-	-	(973)	100.00 %	(973)	19,400	-
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Production and sales of intelligent devices	265,786	(3)	-	-	-	-	(18,769)	100.00 %	(18,769)	(97,142)	-
Inventec Easy Doctor Corporation	Production and sales of medical devices & software development	44,298	(3)	-	-	-	-	(4,218)	100.00 %	(4,218)	26,470	-
Inventec QD (Shanghai) Corporation (Note 9)	Leasing	-	(3)	-	-	-	-	-	- %	-	-	-

2. Upper limit on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3,4,7)
The Company	8,075,732	8,075,732	-
Inventec Appliances Corp.	5,613,989	5,613,989	4,402,565

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

- (1) Direct investment in Mainland China.
- (2) Indirect investment in Mainland china through a subsidiary in a third place.
- (3) Others

Note 2: The recognition of investment income (loss) is based on the financial statements reviewed 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 translated into New Taiwan Dollars using spot rates at the financial report date.

Note 6: The amount of foreign currencies was translated into New Taiwan Dollars at historical exchange rates.

Note 7: After the accumulated investment in Mainland China as of March 31, 2023, deducted the accumulated remittance of earnings, the investment amounts 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 March 31, 2023.

Note 9: No capital has been injected as of March 31, 2023.

Note 10: The inter-company transactions were eliminated in the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the three months ended March 31, 2023, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Information on 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		255,537,000	7.12 %

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 statement 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

(a) General information

The Group's reportable segments: core department and other department. The core department manufactures computer products and intelligent device products and sells them to customers. The other department is engaged in environmental energy and emerging technology business.

The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technological and marketing strategies.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH STANDARDS ON AUDITING AS OF MARCH 31, 2023 AND 2022
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

March 31, 2023 and 2022

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

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

	For the three months ended March 31, 2023			
	Core	Others	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 119,650,936	531,968	-	120,182,904
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 119,650,936</u>	<u>531,968</u>	<u>-</u>	<u>120,182,904</u>
Reportable segment profit (loss)	<u>\$ 1,418,466</u>	<u>(285,496)</u>	<u>-</u>	<u>1,132,970</u>
	For the three months ended March 31, 2022			
	Core	Others	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 128,623,739	171,284	-	128,795,023
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 128,623,739</u>	<u>171,284</u>	<u>-</u>	<u>128,795,023</u>
Reportable segment profit (loss)	<u>\$ 2,074,140</u>	<u>(162,785)</u>	<u>-</u>	<u>1,911,355</u>
Reportable segment assets				
March 31, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2022	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
March 31, 2022	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

Taxation or extraordinary activity is not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is the same as the report used by the chief operating decision maker.

The operating segment's accounting policies are similar to those described in Note 2 "Significant accounting policies". Reportable segment profit or loss is measured by operating profit or loss before taxation, and is used as the base of performance evaluation.

Since the evaluated amount of the Group's assets was not provided to the chief operating decision maker, the evaluated amount of the assets which should be disclosed was 0.