

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2023 and 2022**

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

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Independent Auditors' Review Report

To the Board of Directors of Inventec Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Inventec Corporation (“the Company”) and its subsidiaries (“the Group”) as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting 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 \$57,620,473 thousand and \$69,825,883 thousand, constituting 25% and 25% of the consolidated total assets; and the total liabilities amounting to \$21,753,084 thousand and \$29,101,840 thousand, constituting 12% and 13% of the consolidated total liabilities as of June 30, 2023 and 2022, respectively; as well as the total comprehensive loss amounting to \$51,245 thousand, \$1,124,121 thousand, \$394,076 thousand and \$1,331,114 thousand, constituting (3)%, (83)%, (14)% and (33)% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2023 and 2022, respectively.

Furthermore, as stated in Note (6)(f), the other equity accounted investments of the Group in its investee companies of \$20,055 thousand and \$44,311 thousand as of June 30, 2023 and 2022, respectively, and its equity in net loss on these investee companies of \$717 thousand, \$2,459 thousand, \$1,526 thousand and \$4,589 thousand for the three months and six months ended June 30, 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 June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its consolidated cash flows for the six months ended June 30, 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)

August 11, 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)

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2023, December 31, 2022, and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2023		December 31, 2022		June 30, 2022						June 30, 2023		December 31, 2022		June 30, 2022	
ASSETS		Amount	%	Amount	%	Amount	%			LIABILITIES AND EQUITY		Amount	%	Amount	%	Amount	%
Current Assets :										Current Liabilities :							
1100	Cash and cash equivalents (Note (6)(a))	\$ 32,717,046	14	42,450,643	18	51,698,899	19	2100	Short-term borrowings (Note (6)(m))	\$ 34,959,227	15	48,333,913	21	62,346,715	23		
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	481,781	-	890,745	-	1,643,480	1	2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	528,518	-	292,383	-	1,008,230	-		
1120	Current financial assets at fair value through other comprehensive income (Note (6)(b))	666,281	-	554,557	-	782,067	-	2130	Current contract liabilities (Note (6)(u))	13,798,144	6	12,596,823	5	7,299,241	3		
								2170	Accounts payable (Note (7))	83,517,544	36	64,404,174	28	92,694,295	33		
1170	Accounts receivable, net (Notes (6)(c) and (7))	95,958,900	42	89,507,203	38	99,133,213	36	2230	Current tax liabilities	2,023,324	1	3,229,602	2	1,808,481	1		
1200	Other receivables, net (Notes (6)(d) and (7))	1,868,080	1	1,554,185	1	877,418	-	2200	Other payables (Note (7))	15,932,820	7	12,014,945	5	15,704,095	5		
1310	Inventories (Note (6)(e))	49,452,463	21	51,004,786	22	76,049,020	27	2322	Long-term borrowings, current portion (Note (6)(m))	2,499,458	1	330,744	-	12,214,744	4		
1470	Other current assets (Notes (6)(k) and (8))	<u>5,419,263</u>	<u>2</u>	<u>4,232,122</u>	<u>2</u>	<u>4,308,264</u>	<u>2</u>	2280	Current lease liabilities (Note (6)(n))	217,558	-	210,376	-	198,300	-		
		<u>186,563,814</u>	<u>80</u>	<u>190,194,241</u>	<u>81</u>	<u>234,492,361</u>	<u>85</u>	2399	Other current liabilities, others (Note (6)(l))	<u>12,985,312</u>	<u>6</u>	<u>14,586,649</u>	<u>6</u>	<u>16,759,640</u>	<u>6</u>		
Non-current assets :										<u>166,461,905</u>	<u>72</u>	<u>155,999,609</u>	<u>67</u>	<u>210,033,741</u>	<u>75</u>		
1510	Non-current financial assets at fair value through profit or loss (Note (6)(b))	250,294	-	225,057	-	838,691	-		Non-current Liabilities :								
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(b))	4,740,426	2	4,096,512	2	4,057,677	2	2540	Long-term borrowings (Note (6)(m))	2,933,900	1	12,833,351	6	3,967,434	2		
								2640	Net defined benefit liability, non-current (Note (6)(p))	451,649	-	478,194	-	564,221	-		
1550	Investments accounted for using equity method (Note (6)(f))	466,711	-	443,563	-	280,940	-	2580	Non-current lease liabilities (Note (6)(n))	563,246	-	542,865	-	737,863	-		
1600	Property, plant and equipment (Notes (6)(g) and (8))	28,263,842	12	31,210,871	13	29,439,047	11	2670	Other non-current liabilities, others (Note (6)(l))	<u>5,754,102</u>	<u>3</u>	<u>5,555,332</u>	<u>2</u>	<u>6,358,971</u>	<u>2</u>		
1755	Right-of-use assets (Notes (6)(h) and (8))	1,829,831	1	3,030,466	1	3,226,974	1			<u>9,702,897</u>	<u>4</u>	<u>19,409,742</u>	<u>8</u>	<u>11,628,489</u>	<u>4</u>		
1760	Investment property, net (Note (6)(i))	5,067,361	2	-	-	-	-		Total Liabilities	<u>176,164,802</u>	<u>76</u>	<u>175,409,351</u>	<u>75</u>	<u>221,662,230</u>	<u>79</u>		
1780	Intangible assets (Note (6)(j))	980,272	1	975,242	1	953,374	-										
1900	Other non-current assets (Notes (6)(k) and (8))	<u>4,320,510</u>	<u>2</u>	<u>4,039,653</u>	<u>2</u>	<u>3,765,475</u>	<u>1</u>		Equity attributable to owners of parent :								
		45,919,247	20	44,021,364	19	42,562,178	15	3110	Ordinary shares (Note (6)(r))	35,874,751	15	35,874,751	15	35,874,751	13		
								3200	Capital surplus (Note (6)(r))	2,899,927	1	2,899,927	1	2,899,592	1		
								3300	Retained earnings (Note (6)(r))	19,113,387	8	22,227,169	9	18,989,338	7		
								3400	Other equity (Note (6)(r))	<u>(792,446)</u>	<u>-</u>	<u>(1,447,789)</u>	<u>-</u>	<u>(1,653,899)</u>	<u>-</u>		
									Total equity attributable to owners of parent	57,095,619	24	59,554,058	25	56,109,782	21		
								36XX	Non-controlling interests	<u>(777,360)</u>	<u>-</u>	<u>(747,804)</u>	<u>-</u>	<u>(717,473)</u>	<u>-</u>		
									Total Equity	<u>56,318,259</u>	<u>24</u>	<u>58,806,254</u>	<u>25</u>	<u>55,392,309</u>	<u>21</u>		
TOTAL ASSETS		<u>\$ 232,483,061</u>	<u>100</u>	<u>234,215,605</u>	<u>100</u>	<u>277,054,539</u>	<u>100</u>		TOTAL LIABILITIES AND EQUITY	<u>\$ 232,483,061</u>	<u>100</u>	<u>234,215,605</u>	<u>100</u>	<u>277,054,539</u>	<u>100</u>		

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

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

INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three months and six months Ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

		For the three months ended June 30				For the six months ended June 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes (6)(u) and (7))	\$ 130,651,347	100	135,746,794	100	250,834,251	100	264,541,817	100
5000	Operating costs (Notes (6)(e))	124,633,132	95	129,824,103	96	238,894,160	95	252,887,819	96
5900	Gross profit from operations	6,018,215	5	5,922,691	4	11,940,091	5	11,653,998	4
Operating expenses (Notes (6)(c), (6)(v) and (7)):									
6100	Selling expenses	661,748	1	709,477	-	1,390,053	1	1,425,040	-
6200	Administrative expenses	1,061,893	1	905,606	1	2,145,419	1	1,899,608	1
6300	Research and development expenses	2,788,839	2	2,725,764	2	5,605,272	2	5,621,932	2
6450	Impairment losses (impairment gains and reversal of impairment losses) determined in accordance with IFRS9	28,074	-	3,710	-	36,872	-	(650)	-
		4,540,554	4	4,344,557	3	9,177,616	4	8,945,930	3
6900	Net operating income	1,477,661	1	1,578,134	1	2,762,475	1	2,708,068	1
Non-operating income and expenses (Notes (6)(f), (w) and (7)):									
7100	Interest income	767,909	1	290,310	-	1,360,765	1	536,924	-
7010	Other income	129,660	-	62,668	-	195,189	-	124,072	-
7020	Other gains and losses	495,329	-	61,591	-	810,444	-	824,994	-
7050	Finance costs	(1,104,514)	(1)	(430,504)	-	(2,225,163)	(1)	(711,099)	-
7060	Shares of loss of associates and joint ventures accounted for using equity method	(6,938)	-	(10,301)	-	(11,633)	-	(19,706)	-
		281,446	-	(26,236)	-	129,602	-	755,185	-
7900	Profit before tax	1,759,107	1	1,551,898	1	2,892,077	1	3,463,253	1
7950	Less: Income tax expenses (Notes (4) and (6)(q))	382,094	-	61,447	-	643,807	-	514,091	-
8000	Profit	1,377,013	1	1,490,451	1	2,248,270	1	2,949,162	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	159,417	-	(415,870)	-	758,147	-	(843,931)	-
8320	Shares of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(301)	-	134	-	257	-	(647)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
		159,116	-	(415,736)	-	758,404	-	(844,578)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(26,065)	-	280,808	-	(103,460)	-	1,910,930	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	(7,920)	-	(991)	-	(9,996)	-	1,166	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
		(33,985)	-	279,817	-	(113,456)	-	1,912,096	1
	Other comprehensive income (loss), net of income tax	125,131	-	(135,919)	-	644,948	-	1,067,518	1
8500	Total comprehensive income	<u>\$ 1,502,144</u>	<u>1</u>	<u>1,354,532</u>	<u>1</u>	<u>2,893,218</u>	<u>1</u>	<u>4,016,680</u>	<u>2</u>
Profit (loss), attributable to:									
8610	Profit, attributable to owners of parent	\$ 1,390,219	1	1,500,138	1	2,270,902	1	2,986,844	1
8620	Profit (loss), attributable to non-controlling interests	(13,206)	-	(9,687)	-	(22,632)	-	(37,682)	-
		<u>\$ 1,377,013</u>	<u>1</u>	<u>1,490,451</u>	<u>1</u>	<u>2,248,270</u>	<u>1</u>	<u>2,949,162</u>	<u>1</u>
Comprehensive income (loss) attributable to:									
8710	Comprehensive income, attributable to owners of parent	\$ 1,523,901	1	1,370,481	1	2,922,774	1	4,047,543	2
8720	Comprehensive income (loss), attributable to non-controlling interests	(21,757)	-	(15,949)	-	(29,556)	-	(30,863)	-
		<u>\$ 1,502,144</u>	<u>1</u>	<u>1,354,532</u>	<u>1</u>	<u>2,893,218</u>	<u>1</u>	<u>4,016,680</u>	<u>2</u>
Earnings per share (Notes (4) and (6)(t))									
9750	Basic earnings per share (NT dollars)	<u>\$ 0.39</u>		<u>0.42</u>		<u>0.63</u>		<u>0.83</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 0.39</u>		<u>0.42</u>		<u>0.63</u>		<u>0.83</u>	

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

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

INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Six Months Ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent					Other Equity		Total Equity Attributable to Owners of Parent	Non - controlling Interests	Total Equity
	Share Capital	Retained Earnings			Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income			
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve						
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	-	-	-	-	2,986,844	-	-	2,986,844	(37,682)	2,949,162
Other comprehensive income (loss) for the period	-	-	-	-	-	1,905,277	(844,578)	1,060,699	6,819	1,067,518
Total comprehensive income (loss) for the period	-	-	-	-	2,986,844	1,905,277	(844,578)	4,047,543	(30,863)	4,016,680
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	654,924	-	(654,924)	-	-	-	-	-
Special reserve appropriated	-	-	-	812,672	(812,672)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(5,022,465)	-	-	(5,022,465)	-	(5,022,465)
Balance at June 30, 2022	<u>\$ 35,874,751</u>	<u>2,899,592</u>	<u>12,747,957</u>	<u>2,714,597</u>	<u>3,526,784</u>	<u>(1,131,691)</u>	<u>(522,208)</u>	<u>56,109,782</u>	<u>(717,473)</u>	<u>55,392,309</u>
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	-	-	-	-	2,270,902	-	-	2,270,902	(22,632)	2,248,270
Other comprehensive income (loss) for the period	-	-	-	-	-	(106,532)	758,404	651,872	(6,924)	644,948
Total comprehensive income (loss) for the period	-	-	-	-	2,270,902	(106,532)	758,404	2,922,774	(29,556)	2,893,218
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	622,467	-	(622,467)	-	-	-	-	-
Reversal of special reserve	-	-	-	(1,266,808)	1,266,808	-	-	-	-	-
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 June 30, 2023	<u>\$ 35,874,751</u>	<u>2,899,927</u>	<u>13,370,424</u>	<u>1,447,789</u>	<u>4,295,174</u>	<u>(613,248)</u>	<u>(179,198)</u>	<u>57,095,619</u>	<u>(777,360)</u>	<u>56,318,259</u>

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

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

INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 2,892,077	3,463,253
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	1,153,697	1,070,457
Amortization expense	512,626	310,952
Expected credit loss (reversal gain)	36,872	(650)
Interest expense	2,225,163	711,099
Interest income	(1,360,765)	(536,924)
Dividend income	(92,250)	-
Shares of loss of associates and joint ventures accounted for using equity method	11,633	19,706
Gains on disposal of property, plant and equipment	(262,158)	(802)
Gains on disposal of investments accounted for using equity method	-	(160)
Unrealized foreign exchange loss	87,763	25,833
Other adjustments	(335)	(28,196)
Total adjustments to reconcile profit	<u>2,312,246</u>	<u>1,571,315</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss, mandatorily measured at fair value	(22,611)	(702,015)
(Increase) decrease in accounts receivable	(5,473,974)	5,613,881
(Increase) decrease in other receivables	(268,810)	213,643
Decrease (increase) in inventories	1,947,772	(10,042,929)
Increase in other current assets	(363,401)	(721,099)
Total changes in operating assets	<u>(4,181,024)</u>	<u>(5,638,519)</u>
Changes in operating liabilities:		
Increase in financial liabilities held for trading	236,135	896,097
Increase (decrease) in contract liabilities	1,203,110	(266,178)
Increase in accounts payable	17,724,526	5,169,875
Decrease in other payables	(1,242,053)	(953,522)
(Decrease) increase in other current liabilities	(1,584,381)	4,238,154
Decrease in net defined benefit liabilities, non-current	(26,545)	(25,698)
Total changes in operating liabilities	<u>16,310,792</u>	<u>9,058,728</u>
Total changes in operating assets and liabilities	<u>12,129,768</u>	<u>3,420,209</u>
Total adjustments	<u>14,442,014</u>	<u>4,991,524</u>
Cash inflow generated from operations	17,334,091	8,454,777
Interest received	1,629,864	513,640
Dividends received	92,250	-
Interest paid	(2,415,179)	(607,290)
Income taxes paid	(1,894,670)	(881,374)
Net cash flows from operating activities	<u>14,746,356</u>	<u>7,479,753</u>

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

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INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)
For the Six Months Ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	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	44,280
Acquisition of investment accounted for using equity method	(44,520)	-
Acquisition of financial assets at fair value through profit or loss	-	(575,640)
Proceeds from disposal of financial assets at fair value through profit or loss	409,677	1,060,540
Proceeds from disposal of investments accounted for using equity method	-	160
Acquisition of property, plant and equipment	(1,915,632)	(2,434,481)
Proceeds from disposal of property, plant and equipment	265,083	9,929
Acquisition of intangible assets	(124,186)	(74,974)
Increase in other financial assets	(955,170)	(665,340)
Increase in other non-current assets	(702,256)	(711,106)
Net cash flows used in investing activities	(3,067,566)	(3,357,840)
Cash flows (used in) from financing activities:		
(Decrease) increase in short-term borrowings	(13,572,995)	5,877,765
Proceeds from long-term borrowings	132,395	5,212,468
Repayments of long-term borrowings	(7,852,000)	(150,000)
Increase in other payables to related parties	-	729,982
Payments of lease liabilities	(101,163)	(90,782)
Increase (decrease) in other non-current liabilities	14,873	(416)
Net cash flows (used in) from financing activities	(21,378,890)	11,579,017
Effect of exchange rate changes on cash and cash equivalents	(33,497)	1,210,057
Net (decrease) increase in cash and cash equivalents	(9,733,597)	16,910,987
Cash and cash equivalents at beginning of period	42,450,643	34,787,912
Cash and cash equivalents at end of period	\$ 32,717,046	51,698,899

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

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INVENTEC CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 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 Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) 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 for the six months ended June 30, 2023 and 2022 were authorized for issuance by the Board of Directors on August 11, 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, 2023:

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

- (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”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS12 “International Tax Reform – Pillar Two Model Rules”

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INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

June 30, 2023 and 2022

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

(4) Summary of Material Accounting Policies

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 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
			June 30, 2023	December 31, 2022	June 30, 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)
"	AlMobile 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 and Inventec Investments Co., Ltd.	Inventec Electronics (Thailand) Co., Ltd.	Production and sales of computer products	100.00 %	-	-	% Inventec Electronics (Thailand) Co., Ltd. was established on June 2, 2023. (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 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)

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INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

June 30, 2023 and 2022

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding			Note
			June 30, 2023	December 31, 2022	June 30, 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)

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INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

June 30, 2023 and 2022

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding			Note
			June 30, 2023	December 31, 2022	June 30, 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	100.00 %	- %	- %	No capital has been injected as of June 30, 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 measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. 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

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(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.

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INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

June 30, 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

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 6,781	6,536	7,973
Demand deposits and checking accounts	28,139,073	38,356,241	45,025,858
Time deposits	<u>4,571,192</u>	<u>4,087,866</u>	<u>6,665,068</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 32,717,046</u>	<u>42,450,643</u>	<u>51,698,899</u>

(b) Financial instruments

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

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at fair value through profit or loss			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 420,392	316,300	1,097,812
Foreign exchange swap	-	119,565	6,111
Non-derivative financial assets			
Stocks of listed companies	45,790	39,406	44,645
Emerging stock	72,111	65,461	52,290
Unquoted financial instruments	157,400	543,730	1,251,706
Unsecured convertible bonds	<u>36,382</u>	<u>31,340</u>	<u>29,607</u>
Total	<u>\$ 732,075</u>	<u>1,115,802</u>	<u>2,482,171</u>

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INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

June 30, 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.

	June 30, 2023	December 31, 2022	June 30, 2022
Financial liabilities at fair value through profit or loss			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 34,246	30,966	18,781
Foreign exchange swap	494,272	261,417	989,449
Total	<u>\$ 528,518</u>	<u>292,383</u>	<u>1,008,230</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:

June 30, 2023			
	Contract Amount (in thousands)	Currency	Maturity Period
Forward	USD 295,000	USD to TWD	2023.07.12~2023.11.27
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
June 30, 2022			
	Contract Amount (in thousands)	Currency	Maturity Period
Foreign exchange swap	USD 95,000	USD to TWD	2022.11.14~2022.12.09
Forward	USD 794,000	USD to TWD	2022.07.07~2022.12.15
Forward	USD 24,000	USD to MYR	2022.07.28~2022.08.29

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INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

June 30, 2023 and 2022

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

2) Financial liabilities:

June 30, 2023				
	Contract Amount (in thousands)		Currency	Maturity Period
Foreign exchange swap	USD	545,000	USD to TWD	2023.07.12~2023.12.18
Forward	USD	15,000	USD to THB	2023.07.10~2023.10.12
Forward	USD	34,000	USD to CNY	2023.07.05~2023.07.28
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
June 30, 2022				
	Contract Amount (in thousands)		Currency	Maturity Period
Foreign exchange swap	USD	764,000	USD to TWD	2022.07.07~2022.12.15
Forward	USD	65,000	USD to TWD	2022.11.10~2022.11.23
Forward	USD	12,000	USD to CNY	2022.07.28
Forward	USD	27,000	USD to MYR	2022.09.28~2022.10.26

2. Financial assets at fair value through other comprehensive income

	June 30, 2023	December 31, 2022	June 30, 2022
Equity investments at fair value through other comprehensive income			
Stocks of listed companies	\$ 811,460	723,062	927,844
Stocks of unlisted companies	4,595,247	3,928,007	3,911,900
Total	<u>\$ 5,406,707</u>	<u>4,651,069</u>	<u>4,839,744</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.

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INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

June 30, 2023 and 2022

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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)(x).

3) As of June 30, 2023, the aforesaid financial assets were not pledged as collateral.

(c) Notes and accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable- non-related parties	\$ 96,058,884	88,292,622	99,087,272
Accounts receivable- related parties	8,423	1,285,573	123,663
Less: Loss allowance	(108,407)	(70,992)	(77,722)
	<u>\$ 95,958,900</u>	<u>89,507,203</u>	<u>99,133,213</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 June 30, 2023, December 31, 2022, and June 30, 2022, the amounts of accounts receivable measured at fair value through other comprehensive income were \$5,589,008, \$5,107,315 and \$1,322,025, 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:

	June 30, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 94,275,441	0%~0.5%	105,925
1 to 180 days past due	1,791,437	0.04%~10%	2,225
More than 180 days past due	429	0.04%~100%	257
	<u>\$ 96,067,307</u>		<u>108,407</u>

As of July 25, 2023, the amount received in subsequent period by the Group was \$31,502,230.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

June 30, 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
	<u>\$ 89,578,195</u>		<u>70,992</u>

	June 30, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 97,103,708	0%~0.5%	67,107
1 to 180 days past due	2,107,227	0.04%~10%	10,615
	<u>\$ 99,210,935</u>		<u>77,722</u>

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

	For the six months ended June 30,	
	2023	2022
Balance at January 1	\$ 70,992	104,130
Impairment losses recognized (reversed)	37,097	(650)
Amounts written off	-	(26,589)
Foreign exchange losses	318	831
Balance at June 30	<u>\$ 108,407</u>	<u>77,722</u>

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 June 30, 2023, December 31, 2022 and June 30, 2022, none of the receivables above were pledged as collateral for loans and borrowings.

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INVENTEC CORPORATION AND SUBSIDIARIES

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

As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group sold its accounts receivable without recourse as follows:

June 30, 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>21,864,140</u>	USD <u>711,189</u>	USD <u>702,350</u>	-	6.14%~6.57%	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>36,785,770</u>	USD <u>16,203</u>	USD <u>1,238,161</u>	-	1.75%~3.32%	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

	June 30, 2023	December 31, 2022	June 30, 2022
Other accounts receivable	\$ <u>1,868,080</u>	<u>1,554,185</u>	<u>877,418</u>

Other receivables consisted of interest receivable and other income.

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(e) Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials and consumables	\$ 33,255,579	32,288,347	60,516,806
Work in process	8,284,290	10,080,564	8,804,588
Finished goods	7,031,072	7,575,629	5,226,325
Materials and supplies in transit	881,522	1,060,246	1,501,301
	<u><u>\$ 49,452,463</u></u>	<u><u>51,004,786</u></u>	<u><u>76,049,020</u></u>

For the three months and six months ended June 30, 2023 and 2022, the write-down of inventories amounted to \$245,788, \$56,700, \$264,577 and \$159,921, 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 and six months ended June 30, 2023 and 2022, idle capacity loss amounted to \$7, \$59,263, \$2,121 and \$69,614, respectively.

As of June 30, 2023, and December 31, 2022, the aforesaid inventories were not pledged as collateral. As of June 30, 2022, the inventories, which were pledged as collateral, were discussed further in Note (7).

(f) Investments accounted for using equity method

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

	June 30, 2023	December 31, 2022	June 30, 2022
Associates	<u><u>\$ 466,711</u></u>	<u><u>443,563</u></u>	<u><u>280,940</u></u>

As of June 30, 2023, December 31, 2022 and June 30, 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.

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(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the six months ended June 30, 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	-	-	224,798	4,318	200,604	77,899	12,633	1,468,140	1,988,392
Disposals	-	(44,753)	(1,112,473)	(3,409)	(179,951)	(34,417)	-	-	(1,375,003)
Others	-	(85,670)	69,781	-	19,237	(61,329)	117	(3,921,519)	(3,979,383)
Effect of movements in exchange rates	2,958	(139,856)	71,882	(826)	14,680	(40,539)	21,740	31,519	(38,442)
Balance at June 30, 2023	<u>\$ 8,169,423</u>	<u>17,003,687</u>	<u>17,460,217</u>	<u>95,264</u>	<u>5,507,127</u>	<u>7,329,452</u>	<u>820,235</u>	<u>2,893,364</u>	<u>59,278,769</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	363,738	226,852	182,551	-	127,935	27,542	76	1,438,516	2,367,210
Disposals	-	-	(180,128)	(968)	(44,432)	(4,298)	-	-	(229,826)
Others	3,029	-	14,177	-	12,356	1,141	(3,029)	(25,087)	2,587
Effect of movements in exchange rates	7,259	392,334	611,137	2,281	140,376	166,544	17,334	124,402	1,461,667
Balance at June 30, 2022	<u>\$ 8,158,783</u>	<u>17,197,838</u>	<u>18,519,535</u>	<u>103,615</u>	<u>5,362,430</u>	<u>7,322,376</u>	<u>750,447</u>	<u>4,753,430</u>	<u>62,168,454</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	-	190,931	486,781	2,430	200,283	96,114	25,627	-	1,002,166
Disposals	-	(44,753)	(1,116,587)	(3,409)	(171,570)	(34,125)	-	-	(1,370,444)
Others	-	(44,198)	-	-	-	42	-	-	(44,156)
Effect of movements in exchange rates	-	(49,695)	32,128	(933)	6,790	(43,816)	10,553	-	(44,973)
Balance at June 30, 2023	<u>\$ -</u>	<u>5,057,922</u>	<u>14,116,571</u>	<u>80,953</u>	<u>4,657,166</u>	<u>6,701,733</u>	<u>400,582</u>	<u>-</u>	<u>31,014,927</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	-	186,722	424,692	4,105	186,142	100,854	28,109	-	930,624
Disposals	-	-	(168,304)	(968)	(47,615)	(3,636)	-	-	(220,523)
Others	-	-	-	-	-	-	615	-	615
Effect of movements in exchange rates	-	111,641	506,044	2,108	123,828	162,976	11,769	-	918,366
Balance at June 30, 2022	<u>\$ -</u>	<u>4,796,373</u>	<u>16,173,602</u>	<u>93,604</u>	<u>4,744,147</u>	<u>6,595,542</u>	<u>326,139</u>	<u>-</u>	<u>32,729,407</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 June 30, 2023	<u>\$ 8,169,423</u>	<u>11,945,765</u>	<u>3,343,646</u>	<u>14,311</u>	<u>849,961</u>	<u>627,719</u>	<u>419,653</u>	<u>2,893,364</u>	<u>28,263,842</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 June 30, 2022	<u>\$ 8,158,783</u>	<u>12,401,465</u>	<u>2,345,933</u>	<u>10,011</u>	<u>618,283</u>	<u>726,834</u>	<u>424,308</u>	<u>4,753,430</u>	<u>29,439,047</u>

As of June 30, 2023, December 31, 2022 and June 30, 2022, assets, which were partially pledged for the Group's long-term debts and short-term debts, were discussed further in Note (8).

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(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	-	272,727	2,785	17	275,529
Reductions	-	-	(469)	-	(469)
Others	(1,533,218)	-	-	-	(1,533,218)
Effect of changes in exchange rates	(5,936)	30,652	83	25	24,824
Balance at June 30, 2023	<u>\$ 940,636</u>	<u>1,537,081</u>	<u>19,500</u>	<u>2,351</u>	<u>2,499,568</u>
Balance at January 1, 2022	\$ 2,411,276	1,469,677	16,473	1,746	3,899,172
Additions	-	135,668	-	172	135,840
Reductions	(54)	(43,514)	-	-	(43,568)
Others	-	107	-	-	107
Effect of changes in exchange rates	65,467	40,072	213	117	105,869
Balance at June 30, 2022	<u>\$ 2,476,689</u>	<u>1,602,010</u>	<u>16,686</u>	<u>2,035</u>	<u>4,097,420</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 period	33,552	108,558	2,850	326	145,286
Reductions	-	-	(469)	-	(469)
Others	(182,366)	-	-	-	(182,366)
Effect of changes in exchange rates	(6,047)	10,833	40	24	4,850
Balance at June 30, 2023	<u>\$ 104,282</u>	<u>552,912</u>	<u>10,763</u>	<u>1,780</u>	<u>669,737</u>
Balance at January 1, 2022	\$ 176,119	550,259	9,851	940	737,169
Depreciation for the period	34,218	102,920	2,493	202	139,833
Reductions	-	(41,111)	-	-	(41,111)
Others	-	(615)	-	-	(615)
Effect of changes in exchange rates	13,845	21,098	153	74	35,170
Balance at June 30, 2022	<u>\$ 224,182</u>	<u>632,551</u>	<u>12,497</u>	<u>1,216</u>	<u>870,446</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 June 30, 2023	<u>\$ 836,354</u>	<u>984,169</u>	<u>8,737</u>	<u>571</u>	<u>1,829,831</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 June 30, 2022	<u>\$ 2,252,507</u>	<u>969,459</u>	<u>4,189</u>	<u>819</u>	<u>3,226,974</u>

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(i) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are held as right-of-use assets, as well as those owned by the Group. Some leases provide the lessees with options to extend upon maturity or to purchase the property.

The cost, depreciation, and impairment of the investment property of the Group for the six months ended June 30, 2023 and 2022 were as follows:

	<u>Owned property</u>	<u>Right-of-use assets</u>	
	<u>Buildings</u>	<u>Land and improvements</u>	<u>Total</u>
Cost:			
Balance at January 1, 2023	\$ -	-	-
Others	3,538,451	1,863,084	5,401,535
Effect of changes in exchange rates	(95,205)	(60,504)	(155,709)
Balance at June 30, 2023	<u>\$ 3,443,246</u>	<u>1,802,580</u>	<u>5,245,826</u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2023	\$ -	-	-
Depreciation for the period	-	6,245	6,245
Others	-	177,432	177,432
Effect of changes in exchange rates	-	(5,212)	(5,212)
Balance at June 30, 2023	<u>\$ -</u>	<u>178,465</u>	<u>178,465</u>
Carrying amounts:			
Balance at January 1, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2023	<u>\$ 3,443,246</u>	<u>1,624,115</u>	<u>5,067,361</u>
Fair value:			
Balance at June 30, 2023			<u>\$ 10,048,801</u>

For the six months ended June 30, 2023, as part of buildings and land-use right are held either to earn rental income or for capital appreciation or for both, the Group reclassified its buildings and right-of-use assets to investment property.

As of June 30, 2023, the fair value of investment property was evaluated by independent appraisers and assessed based on the latest market price of the investment property in similar locations and conditions. It was also categorized as Level 3 in the fair value hierarchy.

As of June 30, 2023, the Group's investment properties, which were pledged as collateral, were discussed further in Note (8).

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(j) 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 June 30, 2023	\$ <u>808,420</u>	<u>171,852</u>	<u>980,272</u>
Balance at January 1, 2022	\$ <u>808,420</u>	<u>159,031</u>	<u>967,451</u>
Balance at June 30, 2022	\$ <u>808,420</u>	<u>144,954</u>	<u>953,374</u>

For the six months ended June 30, 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 June 30, 2023, December 31, 2022, and June 30, 2022, none of the aforesaid intangible assets were pledged as collateral.

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

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Refundable deposits	\$ 289,068	295,154	569,108
Current asset recognized as right to recover products from customers	186,277	300,998	328,989
Prepayments to suppliers	231,057	259,431	304,538
Restricted assets	2,699,086	1,676,578	1,427,192
Payments on behalf of others	319,653	373,540	248,443
Non-current assets held for sale	71,442	-	-
Deferred tax assets	2,148,968	1,993,469	1,766,612
Others	<u>3,794,222</u>	<u>3,372,605</u>	<u>3,428,857</u>
	<u>\$ 9,739,773</u>	<u>8,271,775</u>	<u>8,073,739</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 June 30, 2023, December 31, 2022, and June 30, 2022, other assets, which were pledged as collateral, were discussed further in Note (8).

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

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

	June 30, 2023	December 31, 2022	June 30, 2022
Provisions - Current	\$ 2,661,959	2,719,337	3,661,711
Temporary credits	7,587,338	8,125,748	10,902,793
Receipts under custody	2,438,976	3,236,436	1,976,502
Deferred tax liabilities	5,488,827	5,304,733	6,134,622
Others	562,314	755,727	442,983
	<u>\$ 18,739,414</u>	<u>20,141,981</u>	<u>23,118,611</u>

(m) Long-term and short-term borrowings

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

June 30, 2023				
	Interest Rate	Currency	Maturity Date	Amount
Secured bank loans	1.94%~4.88%	TWD	2031.02.26	\$ 2,300,000
		CNY	2024.02.14	2,168,715
Unsecured bank loans	1.60%~6.23%	TWD	2021.11.30~2023.07.28	4,143,770
		USD	2021.11.30~2025.07.07	26,333,361
		EUR	2021.11.30	1,535
		CNY	2023.07.09~2024.05.27	5,445,204
Total				<u>\$ 40,392,585</u>
Current				\$ 37,458,685
Non-current				2,933,900
Total				<u>\$ 40,392,585</u>
Unused credit line				<u>\$ 112,348,224</u>

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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

June 30, 2022				
	Interest Rate	Currency	Maturity Date	Amount
Secured bank loans	1.57%~5.18%	TWD	2031.02.26	\$ 2,600,000
		CNY	2024.02.14	1,667,434
Unsecured bank loans	0.57%~6.07%	TWD	2021.11.30~2022.11.09	10,618,771
		USD	2021.11.30~2023.05.22	60,542,401
		EUR	2021.11.30	1,534
		CNY	2022.07.20~2022.09.14	3,098,753
Total				\$ 78,528,893
Current				\$ 74,561,459
Non-current				3,967,434
Total				\$ 78,528,893
Unused credit line				\$ 48,696,561

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

2. Important borrowing restrictions

The Company entered into a syndicated credit agreement with different financial institutions. Under the agreement, the Company shall adhere to certain financial provisions such as current ratios, leverage ratios, interest coverage ratios and tangible net worth in its consolidated annual and semi-annual financial report on the balance sheet date. Otherwise, the borrowings will be considered due and payable immediately. As of June 30, 2023, none of the credit lines were used by the Company.

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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. 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.

(n) Lease liabilities

The Group lease liabilities were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Current	<u>\$ 217,558</u>	<u>210,376</u>	<u>198,300</u>
Non-current	<u>\$ 563,246</u>	<u>542,865</u>	<u>737,863</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interests on lease liabilities	<u>\$ 5,330</u>	<u>6,423</u>	<u>10,952</u>	<u>12,089</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 8,504</u>	<u>12,454</u>	<u>18,016</u>	<u>20,780</u>
Expenses relating to short-term leases	<u>\$ 10,261</u>	<u>4,401</u>	<u>19,261</u>	<u>11,774</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 2,589</u>	<u>15,023</u>	<u>14,693</u>	<u>27,744</u>

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

	For the six months ended June 30,	
	2023	2022
Total cash outflow for leases	<u><u>\$ 164,085</u></u>	<u><u>163,169</u></u>

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.

(o) Operating Leases

The Group leases out its investment property and property, plant and equipment. Since the leases do not transfer substantially all the risks and rewards incidental to its ownership of the assets, they were classified as operating leases. Please refer to Note 6(i) for the information on investment property.

	June 30, 2023	December 31, 2022	June 30, 2022
Less than one year	\$ 213,966	116,142	172,320
One to two years	425,930	7,681	80,823
Two to three years	416,233	3,232	40,134
Three to four years	312,411	1,417	38,283
Four to five years	414,816	591	1,600
More than five years	<u>587,655</u>	<u>-</u>	<u>201</u>
Total undiscounted lease payments	<u><u>\$ 2,371,011</u></u>	<u><u>129,063</u></u>	<u><u>333,361</u></u>

The rental income incurred were \$102,939 and \$124,072 for the six months ended June 30, 2023 and 2022, respectively.

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(p) 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.

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

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Operating cost	\$ 366	316	731	642
Selling expenses	467	418	935	839
Administration expenses	914	899	1,818	1,757
Research and development expenses	2,117	1,850	4,242	3,728
	<u>\$ 3,864</u>	<u>3,483</u>	<u>7,726</u>	<u>6,966</u>

2. Defined contribution plans

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$74,480, \$65,026, \$147,025 and \$129,172 for the three months and six months ended June 30, 2023 and 2022, respectively.

The pension expenses contributed by the foreign entities following the local regulations amounted to \$251,101, \$181,629, \$476,320 and \$401,833 for the three months and six months ended June 30, 2023 and 2022, respectively.

(q) 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 and six months ended June 30, 2023 and 2022 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Current tax expenses				
Current period	\$ <u>382,094</u>	<u>61,447</u>	<u>643,807</u>	<u>514,091</u>

For the six months ended June 30, 2023 and 2022, there were no income tax recognized in equity and other comprehensive income.

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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 its income tax declaration from 2014 to 2016. However, 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. Moreover, there was a conflict with the opinion of the tax authority regarding the payment of withholding tax about the indeterminate difference of transfer pricing from 2015 to 2017; hence, The Group applied for administrative relief after paying the approved additional tax. Both of the above administrative appeals and litigation procedures were still in progress as of the reporting date.

(r) Capital and other equity

Except for the following disclosures, there was no significant change for capital and other equity for the six months ended June 30, 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.

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1) Legal reserve

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

2) Special reserve

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

3) Earnings Distribution

On March 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:

	<u>2022</u>		<u>2021</u>	
	<u>Dividend per share (NT dollars)</u>	<u>Amount</u>	<u>Dividend per share (NT dollars)</u>	<u>Amount</u>
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.

(s) Share-Based payments

There were no significant changes on share-based payment for the six months ended June 30, 2023. Please refer to Note 6(s) of the consolidated financial statements for the year ended December 31, 2022 for other related information.

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(t) Earnings per share

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

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Basic earnings per share:				
Profit attributable to ordinary shareholders	\$ <u>1,390,219</u>	<u>1,500,138</u>	<u>2,270,902</u>	<u>2,986,844</u>
Weighted average number of ordinary shares (thousand shares)	<u>3,587,475</u>	<u>3,587,475</u>	<u>3,587,475</u>	<u>3,587,475</u>
Basic earnings per share (NT dollars)	\$ <u>0.39</u>	<u>0.42</u>	<u>0.63</u>	<u>0.83</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders (diluted)	\$ <u>1,390,219</u>	<u>1,500,138</u>	<u>2,270,902</u>	<u>2,986,844</u>
Weighted average number of ordinary shares (thousand shares)	<u>3,587,475</u>	<u>3,587,475</u>	<u>3,587,475</u>	<u>3,587,475</u>
Effect of dilutive potential common shares (thousand shares)				
Effect of employee share bonus	<u>2,746</u>	<u>4,456</u>	<u>12,149</u>	<u>19,004</u>
Weighted average number of ordinary shares (diluted)	<u>3,590,221</u>	<u>3,591,931</u>	<u>3,599,624</u>	<u>3,606,479</u>
Diluted earnings per share (NT dollars)	\$ <u>0.39</u>	<u>0.42</u>	<u>0.63</u>	<u>0.83</u>

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(u) Revenue from contracts with customers

1. Disaggregation of revenue

For the three months ended June 30, 2023			
	Core	Others	Total
Primary geographical markets			
Taiwan	\$ 26,883,139	78,062	26,961,201
USA	83,444,258	96,439	83,540,697
Japan	973,337	135,552	1,108,889
Hong Kong, Macao and Mainland China	12,850,952	98,819	12,949,771
Other countries	6,038,525	52,264	6,090,789
	\$ 130,190,211	461,136	130,651,347
Major products			
Computer products	\$ 129,991,097	-	129,991,097
Services	199,114	15,148	214,262
Others	-	445,988	445,988
	\$ 130,190,211	461,136	130,651,347
For the three months ended June 30, 2022			
	Core	Others	Total
Primary geographical markets			
Taiwan	\$ 14,557,619	53,290	14,610,909
USA	102,977,868	15,098	102,992,966
Japan	1,091,205	86,339	1,177,544
Hong Kong, Macao and Mainland China	12,329,844	9,274	12,339,118
Other countries	4,609,157	17,100	4,626,257
	\$ 135,565,693	181,101	135,746,794
Major products			
Computer products	\$ 135,378,638	-	135,378,638
Services	187,055	13,531	200,586
Others	-	167,570	167,570
	\$ 135,565,693	181,101	135,746,794

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For the six months ended June 30, 2023			
	Core	Others	Total
Primary geographical markets			
Taiwan	\$ 44,106,698	83,233	44,189,931
USA	166,632,328	328,289	166,960,617
Japan	2,481,696	215,484	2,697,180
Hong Kong, Macao and Mainland China	21,443,397	290,889	21,734,286
Other countries	15,177,028	75,209	15,252,237
	\$ 249,841,147	993,104	250,834,251
Major products			
Computer products	\$ 249,447,724	-	249,447,724
Services	393,423	20,308	413,731
Others	-	972,796	972,796
	\$ 249,841,147	993,104	250,834,251
For the six months ended June 30, 2022			
	Core	Others	Total
Primary geographical markets			
Taiwan	\$ 26,600,396	113,805	26,714,201
USA	199,008,538	69,788	199,078,326
Japan	1,905,249	126,084	2,031,333
Hong Kong, Macao and Mainland China	26,214,744	16,496	26,231,240
Other countries	10,460,505	26,212	10,486,717
	\$ 264,189,432	352,385	264,541,817
Major products			
Computer products	\$ 263,809,066	-	263,809,066
Services	380,366	19,334	399,700
Others	-	333,051	333,051
	\$ 264,189,432	352,385	264,541,817

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2.Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022
Notes and Accounts receivable (included related parties)	\$ 96,067,307	89,578,195	99,210,935
Less: Loss allowance	(108,407)	(70,992)	(77,722)
Total	<u>\$ 95,958,900</u>	<u>89,507,203</u>	<u>99,133,213</u>
Contract liabilities	<u>\$ 13,798,144</u>	<u>12,596,823</u>	<u>7,299,241</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 and six months ended June 30, 2023 and 2022 were \$919,180, \$1,732,813, \$2,389,226 and \$2,888,230, 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.

(v) 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 \$118,627, \$112,067, \$194,072 and \$244,605 and the remuneration of directors amounted to \$15,701, \$16,726, \$25,686 and \$36,508 for the three months and six months ended June 30, 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.

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(w) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest income from bank deposits	\$ 767,909	290,310	1,360,765	536,924

2. Other income

The details of other income were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Rent income	\$ 37,410	62,668	102,939	124,072
Dividend income	92,250	-	92,250	-
	\$ 129,660	62,668	195,189	124,072

3. Other gains and losses

The details of other income and losses were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Foreign exchange gains (losses)	\$ 76,810	(106,771)	244,016	579,773
Gains on disposal of investments	-	160	-	160
Net (losses) gains on financial assets (liabilities) measured at fair value through profit or loss	(224,132)	4,970	(134,351)	14,828
Gains on disposal of property, plant and equipment	262,177	286	262,158	802
Others	380,474	162,946	438,621	229,431
	\$ 495,329	61,591	810,444	824,994

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4. Finance costs

The details of finance expenses were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest expenses				
Bank borrowings	\$ 776,296	306,850	1,534,709	436,012
Others	328,218	123,654	690,454	275,087
	<u>\$ 1,104,514</u>	<u>430,504</u>	<u>2,225,163</u>	<u>711,099</u>

(x) 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 (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
June 30, 2023							
Non-derivative financial liabilities							
Secured bank loans	\$ 4,468,715	4,720,275	228,678	2,360,648	336,132	973,477	821,340
Unsecured bank loans	35,923,870	36,199,776	32,480,419	2,727,347	56,863	935,147	-
Accounts payable	83,517,544	83,517,544	83,517,544	-	-	-	-
Other payables	15,932,820	15,932,820	15,932,820	-	-	-	-
Lease liabilities	780,804	840,539	117,377	118,172	190,667	183,839	230,484
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	34,246	(1,502,046)	(1,502,046)	-	-	-	-
Inflow	-	1,467,800	1,467,800	-	-	-	-
Foreign exchange swap contracts not used for hedging:							
Outflow	494,272	(16,292,205)	(16,292,205)	-	-	-	-
Inflow	-	15,797,933	15,797,933	-	-	-	-
	<u>\$ 141,152,271</u>	<u>140,682,436</u>	<u>131,748,320</u>	<u>5,206,167</u>	<u>583,662</u>	<u>2,092,463</u>	<u>1,051,824</u>

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	<u>Carrying amounts</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
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 payables	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	-	-	-	-
	<u>\$ 138,962,751</u>	<u>140,310,136</u>	<u>121,215,360</u>	<u>4,694,957</u>	<u>3,144,099</u>	<u>10,160,359</u>	<u>1,095,361</u>
June 30, 2022							
Non-derivative financial liabilities							
Secured bank loans	\$ 4,267,434	4,585,225	212,201	210,341	2,057,046	973,359	1,132,278
Unsecured bank loans	74,261,459	74,524,082	68,848,095	5,675,987	-	-	-
Accounts payable	92,694,295	92,694,295	92,694,295	-	-	-	-
Other payables	15,704,095	15,704,095	15,704,095	-	-	-	-
Lease liabilities	936,163	1,021,366	111,987	114,529	297,687	338,982	158,181
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	18,781	(3,052,290)	(3,052,290)	-	-	-	-
Inflow	-	3,033,509	3,033,509	-	-	-	-
Foreign exchange swap contracts not used for hedging:							
Outflow	989,449	(21,654,268)	(21,654,268)	-	-	-	-
Inflow	-	20,664,819	20,664,819	-	-	-	-
	<u>\$ 188,871,676</u>	<u>187,520,833</u>	<u>176,562,443</u>	<u>6,000,857</u>	<u>2,354,733</u>	<u>1,312,341</u>	<u>1,290,459</u>

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

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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:

June 30, 2023				
	Foreign currency (In thousand)		Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 5,051,043	USD : TWD	31.13	157,238,969
	204,706	USD : CNY	7.23	6,372,498
	8,233	USD : CZK	21.83	256,293
CNY	4,009,576	CNY : USD	0.14	17,274,055
THB	258,636	THB : USD	0.03	226,513
<u>Non-monetary items</u>				
USD	197,177	USD : TWD	31.13	6,138,109
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD	4,420,145	USD : TWD	31.13	137,599,114
	96,419	USD : CNY	7.23	3,001,523
	12,428	USD : CZK	21.83	386,884
CNY	1,741,394	CNY : USD	0.14	7,502,274
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

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		December 31, 2022		
		Foreign currency (In thousand)	Exchange rate	TWD
<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
		June 30, 2022		
		Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	6,337,736	USD : TWD 29.71	188,294,137
		253,781	USD : CNY 6.71	7,539,834
		30,971	USD : CZK 23.83	920,148
CNY		3,577,275	CNY : USD 0.15	15,835,881
<u>Non-monetary items</u>				
USD		103,831	USD : TWD 29.71	3,084,815
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD		5,523,421	USD : TWD 29.71	164,096,649
		222,039	USD : CNY 6.71	6,596,779
		37,891	USD : CZK 23.83	1,125,742
CNY		1,105,564	CNY : USD 0.15	4,894,111

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 0.5% depreciation or appreciation of the functional currency against all the non-functional currency as of June 30, 2023 and 2022 would have increased or decreased the net profit after tax by \$139,089 and \$131,353, respectively. The analysis is performed on the same basis for both periods.

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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 six months ended June 30, 2023 and 2022, the foreign exchange gain (loss), including realized and unrealized, amounted to \$244,016 and \$579,773, respectively.

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 \$39,960 and \$77,895 for the six months ended June 30, 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:

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	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 420,392	-	420,392	-	420,392
Non-derivative financial assets mandatorily measured at fair value through profit or loss	311,683	117,901	-	193,782	311,683
Subtotal	732,075	117,901	420,392	193,782	732,075
Financial assets at fair value through other comprehensive income					
Accounts receivable	5,589,008	-	-	-	-
Stocks of listed companies	811,460	786,925	24,535	-	811,460
Unquoted equity instruments	4,595,247	-	-	4,595,247	4,595,247
Subtotal	10,995,715	786,925	24,535	4,595,247	5,406,707
Financial assets measured at amortized cost					
Cash and cash equivalents	32,717,046	-	-	-	-
Accounts receivable and other receivables	92,237,972	-	-	-	-
Subtotal	124,955,018	-	-	-	-
Total	\$ 136,682,808	904,826	444,927	4,789,029	6,138,782
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 528,518	-	528,518	-	528,518
Financial liabilities measured at amortized cost					
Bank loans	40,392,585	-	-	-	-
Accounts payable	83,517,544	-	-	-	-
Other payables	15,932,820	-	-	-	-
Lease liabilities	780,804	-	-	-	-
Subtotal	140,623,753	-	-	-	-
Total	\$ 141,152,271	-	528,518	-	528,518

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	December 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	\$ 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
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	<u>\$ 139,278,902</u>	<u>790,240</u>	<u>473,554</u>	<u>4,503,077</u>	<u>5,766,871</u>
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	<u>\$ 138,962,751</u>	<u>-</u>	<u>292,383</u>	<u>-</u>	<u>292,383</u>

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	June 30, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 1,103,923	-	1,103,923	-	1,103,923
Non-derivative financial assets mandatorily measured at fair value through profit or loss	1,378,248	96,935	-	1,281,313	1,378,248
Subtotal	2,482,171	96,935	1,103,923	1,281,313	2,482,171
Financial assets at fair value through other comprehensive income					
Accounts receivable	1,322,025	-	-	-	-
Stocks of listed companies	927,844	894,061	33,783	-	927,844
Unquoted equity instruments	3,911,900	-	-	3,911,900	3,911,900
Subtotal	6,161,769	894,061	33,783	3,911,900	4,839,744
Financial assets measured at amortized cost					
Cash and cash equivalents	51,698,899	-	-	-	-
Accounts receivable and other receivables	98,688,606	-	-	-	-
Subtotal	150,387,505	-	-	-	-
Total	<u>\$ 159,031,445</u>	<u>990,996</u>	<u>1,137,706</u>	<u>5,193,213</u>	<u>7,321,915</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 1,008,230	-	1,008,230	-	1,008,230
Financial liabilities measured at amortized cost					
Bank loans	78,528,893	-	-	-	-
Accounts payable	92,694,295	-	-	-	-
Other payables	15,704,095	-	-	-	-
Lease liabilities	936,163	-	-	-	-
Subtotal	187,863,446	-	-	-	-
Total	<u>\$ 188,871,676</u>	<u>-</u>	<u>1,008,230</u>	<u>-</u>	<u>1,008,230</u>

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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.

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 six months ended June 30, 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	27,628	-
Other comprehensive income	-	669,749
Purchase	-	30,750
Disposals	(407,305)	(30,188)
Effect of movements in exchange rates	(1,611)	(3,071)
Balance as of June 30, 2023	\$ 193,782	4,595,247

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	At fair value through profit or loss	Fair value through other comprehensive income
Balance as of January 1, 2022	\$ 1,864,005	4,023,869
Total gains and losses recognized in		
Profit or loss	(122,014)	-
Other comprehensive income	-	(81,734)
Purchase	575,640	11,208
Disposals	(1,045,008)	(44,280)
Effect of movements in exchange rates	8,690	2,837
Balance as of June 30, 2022	\$ 1,281,313	3,911,900

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 June 30, 2023 and 2022, were as follow:

	For the six months ended June 30,	
	2023	2022
Total gains and losses recognized:		
In profit or loss, and presented in “other gains and losses”	\$ 25,257	(137,546)
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	670,166	(81,734)

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 2.80%~3.40% on June 30, 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

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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—equity instruments investments without an active market	Comparable Listed Companies Method	<ul style="list-style-type: none"> Market Multiple (1.28~2.64) Discount due to Lack of Market liquidity (30%) 	<ul style="list-style-type: none"> The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through other comprehensive income—equity instruments investments without an active market	Comparable Listed Companies Method	<ul style="list-style-type: none"> Market Multiple (0.65~2.97) Discount due to Lack of Market liquidity (30%~50%) 	<ul style="list-style-type: none"> The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through other comprehensive income — equity instruments investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> Net Asset Value 	<ul style="list-style-type: none"> Not applicable

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:

	Input	Variation	Impact on Fair Value Change on Net income or loss		Impact on Fair Value Change on Other Comprehensive income or loss		
			Favorable Change	Unfavorable Change	Favorable Change	Unfavorable Change	
June 30, 2023							
Financial assets at fair value through profit or loss							
Financial instruments without an active market	Market Multiple	0.5%	\$	969	(969)	-	-
Financial assets at fair value through other comprehensive income							
Equity instruments without an active market	Market Multiple	0.5%		-	-	22,911	(22,911)
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)

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				Impact on Fair Value Change on		Impact on Fair Value Change on	
				Net income or loss		Other Comprehensive income or loss	
	Input	Variation		Favorable Change	Unfavorable Change	Favorable Change	Unfavorable Change
June 30, 2022							
Financial assets at fair value through profit or loss							
Financial instruments without an active market	Discount Rate	0.5%	\$	5,921	(5,921)	-	-
Financial assets at fair value through other comprehensive income							
Equity instruments without an active market	Market Multiple	0.5%		-	-	19,504	(19,504)

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.

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.

June 30, 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	\$ 268,741,256	268,081,266	659,990	-	-	659,990
Derivative financial instruments	420,392	-	420,392	-	-	420,392
Accounts receivable and payable	25,483,395	5,578,268	19,905,127	-	-	19,905,127
Total	<u>\$ 294,645,043</u>	<u>273,659,534</u>	<u>20,985,509</u>	<u>-</u>	<u>-</u>	<u>20,985,509</u>

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June 30, 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	\$ 358,974	-	358,974	-	-	358,974
Accounts receivable and payable	21,457,643	5,578,268	15,879,375	-	-	15,879,375
Total	<u>\$ 21,816,617</u>	<u>5,578,268</u>	<u>16,238,349</u>	<u>-</u>	<u>-</u>	<u>16,238,349</u>

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>

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June 30, 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	\$ 356,813,985	356,444,724	369,261	-	-	369,261
Derivative financial instruments	1,102,473	-	1,102,473	-	-	1,102,473
Total	<u>\$ 357,916,458</u>	<u>356,444,724</u>	<u>1,471,734</u>	<u>-</u>	<u>-</u>	<u>1,471,734</u>

June 30, 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	\$ 475,176	-	475,176	-	-	475,176

Note: Master netting arrangements are included.

(y) 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.

(z) 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.

(aa) 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 six months ended June 30, 2023 and 2022, were as follows:

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

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

			Non-cash changes		
	January 1, 2023	Cash flows	Reclassification	Foreign exchange movement	June 30, 2023
Long-term borrowings	\$ 12,833,351	(7,702,000)	(2,237,351)	39,900	2,933,900
Short-term borrowings (including current portion of long-term borrowings)	48,664,657	(13,590,600)	2,237,351	147,277	37,458,685
Lease liabilities (Note)	753,241	(101,163)	275,529	(146,803)	780,804
Total liabilities from financing activities	<u>\$ 62,251,249</u>	<u>(21,393,763)</u>	<u>275,529</u>	<u>40,374</u>	<u>41,173,389</u>

			Non-cash changes		
	January 1, 2022	Cash flows	Reclassification	Foreign exchange movement	June 30, 2022
Long-term borrowings	\$ 3,790,708	299,968	(150,000)	26,758	3,967,434
Short-term borrowings (including current portion of long-term borrowings)	61,942,809	10,640,265	150,000	1,828,385	74,561,459
Lease liabilities (Note)	876,493	(90,782)	135,786	14,666	936,163
Total liabilities from financing activities	<u>\$ 66,610,010</u>	<u>10,849,451</u>	<u>135,786</u>	<u>1,869,809</u>	<u>79,465,056</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.

<u>Names of related party</u>	<u>Relationships with the Group</u>
Inventec Besta Co., Ltd.	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
E-TON Solar Tech. Co., Ltd.	Substantive related party (Note 1)
Inventec Manufacturing (India) Private Limited	Substantive related party (Note 2)
Inventec Group Charity Foundation	Over one-third of total amount of fund donated by the Company

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Names of related party	Relationships with the Group
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
Ching-Sung Chang	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

Note 1: E-TON Solar Tech. Co., Ltd. has completed its liquidation on November 24, 2022.

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

(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 June 30		For the six months ended June 30	
	2023	2022	2023	2022
Associates	\$ 24,751	89,038	24,766	207,345
Other related parties	20	-	44	-
	<u>\$ 24,771</u>	<u>89,038</u>	<u>24,810</u>	<u>207,345</u>

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	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	Associates	\$ 8,423	1,285,573	123,663
Other receivables	Associates	22	22	21
		<u>\$ 8,445</u>	<u>1,285,595</u>	<u>123,684</u>

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3. Payable to related parties

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

<u>Account</u>	<u>Relationship Categories</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts payable	Associates	\$ -	292	-
Other payables	Associates	112,599	83,975	6,507
"	Other related parties	909,228	914,682	1,029,982
		<u>\$ 1,021,827</u>	<u>998,949</u>	<u>1,036,489</u>

As of June 30, 2023, December 31, 2022, and June 30, 2022, the Group borrowed the amount of \$909,228, \$914,682 and \$1,029,982 from the shareholder, which were accounted as other payables. The borrowing interest rate was 1.06%~1.50%. The Group pledged inventories and equipment to the shareholder, which amounted to \$124,583 in April of 2022.

4. Property transactions

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

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Associates	\$ 69,914	2,889	140,149	6,232
E-TON Solar Tech. Co., Ltd.	-	308,880	-	308,880
Other related parties	-	-	-	88,126
	<u>\$ 69,914</u>	<u>311,769</u>	<u>140,149</u>	<u>403,238</u>

5. Others

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

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Associates	\$ 734	1,147	1,469	1,807

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2) Donations to other related parties were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Other related parties \$	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>10,000</u>

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

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Associates \$	<u>3,926</u>	<u>3,320</u>	<u>11,632</u>	<u>4,471</u>

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Short-term employee benefits \$	133,792	105,328	261,599	213,625
Post-employment benefit	1,871	1,742	3,243	2,785
\$	<u>135,663</u>	<u>107,070</u>	<u>264,842</u>	<u>216,410</u>

(8) Assets Pledged as Security

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

Assets pledged as security	Liabilities secured by pledge	June 30, 2023	December 31, 2022	June 30, 2022
Refundable deposits (Other non-current assets)	Membership guarantee and rental deposit	\$ 289,068	295,154	569,108
Restricted cash in banks (Other current assets and Other non-current assets)	Guarantee and the account of repatriated offshore funds	2,669,086	1,676,578	1,427,192
Land, buildings and constructions (Property, plant and equipment, and Investment property)	Current portion of long-term borrowings and long-term borrowings	9,124,480	8,813,003	9,419,375
Total		<u>\$ 12,082,634</u>	<u>10,784,735</u>	<u>11,415,675</u>

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(9) Significant Commitments and Contingencies

(a) Major Commitments:

1.Unused standby letters of credit were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
TWD	\$ 116,128	-	-

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

	June 30, 2023	December 31, 2022	June 30, 2022
TWD	\$ 18,855,235	18,201,232	17,811,447
USD (in thousands)	1,864,600	1,827,400	1,786,400

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(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 June 30, 2023			For the three months ended June 30, 2022		
	Operating costs	Operating and non-operating expense	Total	Operating costs	Operating and non-operating expense	Total
Employee benefits						
Salary	1,790,152	2,389,418	4,179,570	2,090,859	2,168,355	4,259,214
Labor and health insurance	183,356	218,153	401,509	167,712	173,114	340,826
Pension	176,774	152,671	329,445	140,393	109,745	250,138
Others	131,461	88,138	219,599	194,594	69,452	264,046
Depreciation	367,681	208,525	576,206	315,493	219,150	534,643
Amortization	91,920	179,430	271,350	49,391	106,983	156,374

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By function By item	For the six months ended June 30, 2023			For the six months ended June 30, 2022		
	Operating costs	Operating and non-operating expense	Total	Operating costs	Operating and non-operating expense	Total
Employee benefits						
Salary	3,624,487	4,764,928	8,389,415	4,156,283	4,564,078	8,720,361
Labor and health insurance	403,471	473,437	876,908	360,220	391,387	751,607
Pension	329,086	301,985	631,071	292,013	245,958	537,971
Others	256,096	201,026	457,122	364,898	145,548	510,446
Depreciation	732,799	420,898	1,153,697	668,972	401,485	1,070,457
Amortization	167,392	345,234	512,626	96,897	214,055	310,952

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 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	21,540	12,924	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	266,400	129,240	129,240	3.045%	2	-	"	-	"	-	1,515,747	1,515,747
2	"	Inventec Appliances (Pudong) Corp.	Other receivables	Y	932,820	904,680	-		2	-	"	-	"	-	1,515,747	1,515,747
3	Inventec Appliances Corp.(Note 3)	Inventec Appliances (Malaysia) SDN. BHD.	Other receivables	Y	1,400,850	1,400,850	1,399,116	1.60%	2	-	"	-	"	-	1,427,850	2,855,700

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Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
4	Inventec (Pudong) Corp. (Note 4)	Inventec Asset-Management (Shanghai) Corporation	Other receivables	Y	3,196,800	1,550,880	1,464,720	4.875%	2	-	Working Capital	-	None	-	1,727,450	1,727,450
5	Inventec (Shanghai) Corp.(Note 2)	Inventec QD (Shanghai) Corporation	Other receivables	Y	44,400	43,080	8,616	4.875%	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		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements /guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsement s/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	IEC Technologies, S.DE R.L. DE C.V	2	28,547,810	614,800	311,300	-	-	0.55 %	28,547,810	Y	N	N
0	"	Inventec (Czech), s.r.o.	2	28,547,810	15,370	-	-	-	- %	28,547,810	Y	N	N
1	Inventec Appliances Corp.	Inventec Appliances (Malaysia) SDN. BHD.	2	3,569,625	2,822,453	2,822,453	936,913	-	39.53 %	3,569,625	Y	N	N

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

- 1.The Company has business relationship.
- 2.Subsidiaries in which the Company holds more than 50 percent of its voting power.
- 3.A investee in which the Company and subsidiary holds more than 50 percent of its voting shares.
- 4.Subsidiaries in which the Company holds more than 90 percent of its voting power.
- 5.Companies in accordance with contractual provisions established by mutual applicants or in need of project.
- 6.Companies that are endorsed and guaranteed by all capital shareholders based on their shareholding ratio due to a joint investment relationship.
- 7.The performance of pre-sale house sales contract between intra-industry companies is in accordance with the Consumer Protection Law required joint guarantees.

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

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

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

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3. Securities held 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 (In 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	666,281	0.96 %	666,281	
"	Amphastar Pharmaceuticals Inc.	-	Non-current financial assets at fair value through other comprehensive income	26	46,168	0.05 %	46,168	
"	Arima Communications Corp.	-	"	7,390	24,535	10.15 %	24,535	
"	Tomorrow Studio Co., Ltd	-	"	29	53	0.15 %	53	
"	Tai Yi Precision Corporation	-	"	2,540	-	6.67 %	-	
"	New E Materials Co., Ltd.	-	"	1,760	8,114	16.00 %	8,114	
"	Top Taiwan Xiv Venture Capital Co., Ltd.	-	"	30,000	301,800	13.76 %	301,800	
"	Rasilient Systems, Inc. preference share	-	"	3,632	-	6.20 %	-	
"	SKSpruce Holding Limited preferred stock	-	"	3,746	39,680	3.72 %	39,680	
"	CloudMosa Technologies, Inc. preferred stock	-	"	235	43,562	2.08 %	43,562	
"	XMEMS LABS INC. preferred stock	-	"	1,000	30,750	0.85 %	30,750	
"	Rescale, Inc. preferred stock	-	"	355	11,266	1.16 %	11,266	
"	Sensel, Inc. preferred stock	-	"	532	7,592	2.42 %	7,592	
"	ASOCS LTD. preferred stock	-	"	360	-	1.43 %	-	
"	Atayalan, Inc. preferred stock	-	"	1,553	6,398	3.38 %	6,398	
"	ZT Group Int'l, Inc.	-	"	-	2,935,795	10.00 %	2,935,795	
"	SKSpruce Holding Limited convertible short-term note	-	Current financial assets at fair value through profit or loss	-	15,599	- %	15,599	
"	Empass Technology	-	Non-current financial assets at fair value through profit or loss	560	13,474	6.71 %	13,474	
"	Entire Technology Co., Ltd.	-	"	3,260	72,111	3.34 %	72,111	
"	Imedtac Co., Ltd.	-	"	1,200	49,220	8.43 %	49,220	
"	TMY Technology Inc.	-	"	2,857	23,015	7.42 %	23,015	
"	Enflex Corporation	-	"	750	1,665	0.92 %	1,665	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares (In 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	1,029,539	13.17 %	1,029,539	
Saint Investment Consulting Corporation	Shanghai StarFive Technology Co., Ltd.	-	"	17	2,755	0.66 %	2,755	
"	Guangdong StarFive Technology Co., Ltd.	-	"	522	83,408	0.66 %	83,408	
Inventec (Chongqing) Corp.	Kunshan Joing Technology Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	5,948	70,026	2.96 %	70,026	
Inventec Development Japan Corporation	Famm Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	100	13,075	16.00 %	13,075	
Inventec Investments Co., Ltd.	ENNOSTAR Inc.	-	Current financial assets at fair value through profit or loss	881	45,790	0.12 %	45,790	
"	UCFUNNEL CO LTD	-	Non-current financial assets at fair value through other comprehensive income	83	22,114	5.00 %	22,114	
"	Sagacity Tech. Co., Ltd.	-	"	79	445	15.00 %	445	
"	Living Pattern Technology Inc.	-	"	4	413	13.70 %	413	
Inventec Appliances Corp.	SCOPE INDUSTRIES BERHAD	-	Non-current financial assets at fair value through other comprehensive income	84,444	72,908	7.32 %	72,908	
"	Rong Cheng Tech. Co., Ltd.	-	"	1,950	-	9.38 %	-	
"	Tai Yi Precision Corporation	-	"	635	-	1.67 %	-	
"	Siano Mobile Silicon Inc.	-	"	461	-	0.15 %	-	
"	All People Health Social Enterprise Co., Ltd.	-	"	100	1,000	14.29 %	1,000	
"	GCT Semiconductor, Inc.	-	"	93	-	0.12 %	-	
"	Pandigital Worldwide, Ltd. preferred stock	-	"	939	-	4.80 %	-	
"	BGTMobile Corporation	-	"	314	-	2.88 %	-	
"	Linc Global Inc. (Proximant, Inc.) preferred stock	-	"	594	-	5.30 %	-	
"	Molekule Group, Inc.	-	"	22	1,568	0.07 %	1,568	
"	XMEMS LABS INC. preferred stock	-	"	3,375	57,488	3.15 %	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	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares (In 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 %	-	
"	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.

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Security type and name	Account name	Counter-party	Relationship	Beginning Balance		Acquisition(Note 1)		Disposal				Ending Balance	
					Shares (In thousands)	Amount	Shares (In thousands)	Amount	Shares (In thousands)	Price	Cost	Gain (loss) on disposal	Shares (In thousands)	Amount
The Company	Inventec Holding (North America) Corp. ordinary shares	Investments accounted for using equity method	Cash Capital Increase	Related parties	2,011	4,897,732	2	817,042	-	-	-	-	2,013	5,714,774
Inventec Holding (North America) Corp.	IEC Technologies, S.de R.L. de C.V.	"	"	"	1,660,484	3,012,792	400,000	766,280	-	-	-	-	2,060,484	3,779,072
Inventec Appliances Corp.	Inventec Appliances (Vietnam) Company	"	"	"	-	89,688	-	895,539	-	-	-	-	-	985,227

Note 1: The ending balance includes adjustments of valuation.

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship	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 24,879thousands	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
Inventec Electronics (Thailand) Co., Ltd.	Land	2023/6/26	685,967	The deposit of THB 3,461 thousands (TWD 3,031 thousands) has already been paid.	VNS Property Co., Ltd.	Non-related parties	-	-	-	-	Appraisal report: S.L. Standard Appraisal Co., Ltd. THB 797,000 thousands.	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 April 2023 stated that the transaction amount is the estimated amount of the right-of-use asset in April, 1 2024.

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6. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
7. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Inventec Holding (North America) Corp.	Subsidiary	Sales	38,293,981	17.74 %	105 days	Negotiated price	No general trading partner can be compared.	24,879,989	26.68 %	
"	Inventec (Czech), s.r.o.	"	Sales	141,642	0.07 %	105 days	"	"	367,857	0.39 %	
"	Inventec Corporation (Hong Kong) Ltd.	"	Purchases	150,037,784	71.60 %	90-105 days	"	"	(55,866,328)	50.15 %	
"	Inventec Holding (North America) Corp.	"	Purchases	1,062,526	0.51 %	105 days	"	"	(961,928)	0.86 %	
"	Inventec (Czech), s.r.o.	"	Purchases	160,092	0.08 %	105 days	"	"	(108,988)	0.10 %	
Inventec Holding (North America) Corp.	The Company	Parent	Purchases	38,293,981	94.90 %	105 days	"	"	(24,879,989)	97.79 %	
"	"	"	Sales	1,062,526	2.36 %	105 days	"	"	961,928	6.57 %	
"	SQ Technology (Shanghai) Corporation	Associates	Sales	424,067	0.94 %	105 days	"	"	200,369	1.37 %	
Inventec (Czech), s.r.o.	The Company	"	Purchases	141,642	93.05 %	105 days	"	"	(367,857)	93.59 %	
"	"	"	Sales	160,092	22.60 %	105 days	"	"	108,988	69.47 %	
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	Sales	150,037,784	100.00 %	90-105 days	"	"	55,866,328	51.74 %	
"	Inventec (Pudong) Technology Corp.	Associates	Purchases	9,990,393	6.66 %	105 days	"	"	(9,343,709)	8.66 %	
"	SQ Technology (Shanghai) Corporation	"	Purchases	6,451,232	4.30 %	105 days	"	"	(5,339,068)	4.95 %	
"	Inventec (Chongqing) Corp.	"	Purchases	133,596,159	89.04 %	90-105 days	"	"	(41,183,551)	38.18 %	
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	"	Sales	9,990,393	76.06 %	105 days	"	"	9,343,709	90.35 %	
"	SQ Technology (Shanghai) Corporation	"	Sales	1,952,422	14.87 %	105 days	"	"	583,339	5.64 %	
"	"	"	Purchases	127,908	1.11 %	105 days	"	"	(159,958)	1.85 %	
"	Inventec (Shanghai) Corp.	"	Sales	275,911	2.10 %	105 days	"	"	46,609	0.45 %	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	Sales	133,596,159	99.80 %	90-105 days	Negotiated price	No general trading partner can be compared.	41,183,551	99.82 %	
SQ Technology (Shanghai) Corporation	Inventec Corporation (Hong Kong) Ltd.	"	Sales	6,451,232	26.89 %	105 days	"	"	5,339,068	33.07 %	
"	Inventec (Pudong) Technology Corp.	"	Sales	127,908	0.53 %	105 days	"	"	159,958	0.99 %	
"	Inventec (Pudong) Technology Corp.	"	Purchases	1,952,422	7.30 %	105 days	"	"	(583,339)	2.87 %	
"	Inventec Holding (North America) Corp.	"	Purchases	424,067	1.73 %	105 days	"	"	(200,369)	0.98 %	
Inventec (Shanghai) Corp.	Inventec (Pudong) Technology Corp.	"	Purchases	275,911	100.00 %	105 days	"	"	(46,609)	100.00 %	
Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	"	Purchases	5,222,028	61.41 %	110 days	"	"	(4,843,466)	75.90 %	
"	Inventec Appliances (Nanjing) Corp.	"	Purchases	299,078	3.52 %	45 days	"	"	(83,309)	1.31 %	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Purchases	231,171	2.72 %	60 days	"	"	(62,886)	0.99 %	
"	Inventec Appliances (Malaysia) SDN. BHD.	"	Purchases	1,249,444	14.69 %	110 days	"	"	(710,509)	11.13 %	
"	Inventec Appliances (USA) Distribution Corp.	"	Sales	179,846	1.87 %	45 days	"	"	32,148	1.20 %	
Inventec Appliances (USA) Distribution Corp.	Inventec Appliances Corp.	"	Purchases	179,846	100.00 %	45 days	"	"	(32,148)	100.00 %	
Inventec Appliances (Pudong) Corp.	"	"	Sales	5,222,028	89.34 %	110 days	"	"	4,843,466	95.51 %	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Sales	149,598	2.56 %	90 days	"	"	161,002	3.08 %	
"	Inventec Appliances (Malaysia) SDN. BHD.	"	Sales	118,734	2.03 %	90 days	"	"	120,565	2.30 %	
"	"	"	Purchases	212,597	4.86 %	90 days	"	"	(168,550)	6.32 %	
"	Inventec Appliances (Vietnam) Company Limited	"	Sales	108,320	1.85 %	90 days	"	"	107,369	2.05 %	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec Appliances (Nanjing) Corp.	Inventec Appliances Corp.	Associates	Sales	299,078	14.92 %	45 days	Negotiated price	No general trading partner can be compared.	83,309	9.11 %	
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Inventec Appliances Corp.	"	Sales	231,171	98.76 %	60 days	"	"	62,886	99.97 %	
"	Inventec Appliances (Pudong) Corp.	"	Purchases	149,598	78.67 %	90 days	"	"	(161,002)	93.85 %	
Inventec Appliances (Malaysia) SDN. BHD.	Inventec Appliances Corp.	"	Sales	1,249,444	85.76 %	110 days	"	"	710,509	80.81 %	
"	Inventec Appliances (Pudong) Corp.	"	Sales	212,597	14.59 %	90 days	"	"	168,550	19.17 %	
"	"	"	Purchases	118,734	8.43 %	90 days	"	"	(120,565)	17.50 %	
Inventec Appliances (Vietnam) Company Limited	"	"	Purchases	108,320	65.52 %	90 days	"	"	(107,369)	63.30 %	

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	24,879,989	2.85	2,381,607	Received in the subsequent period	6,046,676	-
"	Inventec (Czech), s.r.o.	Subsidiary	367,857	0.61	288,624	Intensive follow-up on collection	-	-
"	Inventec Corporation (Hong Kong) Ltd. (Note 1)	Subsidiary	51,765,940	-	8,902,890	Received in the subsequent period	14,158,044	-
Inventec (Czech), s.r.o.	The Company	Parent	108,998	3.14	-		-	-
Inventec Holding (North America) Corp.	The Company	Parent	961,928	3.78	-		142,734	-
"	SQ Technology (Shanghai) Corporation	Associates	200,369	7.71	605	Intensive follow-up on collection	-	-
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	55,866,328	4.46	5,319,951	Received in the subsequent period	14,161,846	-
"	Inventec (Pudong) Technology Corp. (Note 1)	Associates	4,358,138	-	2,842,910	Received in the subsequent period	2,014,479	-
"	SQ Technology (Shanghai) Corporation (Note 1)	Associates	16,924,342	-	6,059,980	Received in the subsequent period	2,755,904	-
"	Inventec (Chongqing) Corp. (Note 1)	Associates	30,483,460	-	-		9,387,661	-

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Name of company	Counter party	Relationship	Ending balance	Turnover	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	9,343,709	1.94	3,635,407	Received in the subsequent period	3,175,259	-
"	SQ Technology (Shanghai) Corporation	Associates	583,339	4.95	-		544,775	-
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	41,183,551	5.34	-		9,476,783	-
SQ Technology (Shanghai) Corporation	"	Associates	5,339,068	1.85	1,684,544	Received in the subsequent period	1,509,804	-
"	Inventec (Pudong) Technology Corp.	Associates	159,958	1.26	89,080	Received in the subsequent period	157,667	-
Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	Parent	190,383	1.40	79	Received in the subsequent period	3,202	-
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	Associates	4,843,466	1.74	-		380,868	-
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Associates	161,002	1.99	9,690	Received in the subsequent period	-	-
"	Inventec Appliances (Malaysia) SDN. BHD.	Associates	120,565	2.00	-		-	-
"	Inventec Appliances (Vietnam) Company Limited	Associates	107,369	4.04	-		4,164	-
Inventec Appliances (Malaysia) SDN. BHD.	Inventec Appliances Corp.	Associates	710,509	3.33	-		195,420	-
"	Inventec Appliances (Pudong) Corp.	Associates	168,550	1.67	11,397	Received in the subsequent period	39,315	-

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)(x).
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	38,293,981	Negotiated price	15 %
	"	"	1	Accounts Receivable	24,879,989	105 days	11 %
	"	Inventec Corporation (Hong Kong) Ltd.	1	Purchases	150,037,784	Negotiated price	60 %
	"	"	1	Other Receivables	51,765,940	90-105 days	22 %
	"	"	1	Accounts Payable	55,866,328	"	24 %
1	Inventec Corporation (Hong Kong) Ltd.	Inventec (Pudong) Technology Corp.	3	Purchases	9,990,393	Negotiated price	4 %
	"	"	3	Accounts Payable	9,343,709	105 days	4 %
	"	"	3	Accounts Receivable	4,358,138	"	2 %

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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
1	Inventec Corporation (Hong Kong) Ltd.	SQ Technology (Shanghai) Corporation	3	Purchases	6,451,232	Negotiated price	3 %
	"	"	3	Accounts Payable	5,339,068	105 days	2 %
	"	"	3	Accounts Receivable	16,924,342	"	7 %
	"	Inventec (Chongqing) Corp.	3	Purchases	133,596,159	Negotiated price	53 %
	"	"	3	Accounts Payable	41,183,551	90-105 days	18 %
	"	"	3	Accounts Receivable	30,483,460	"	13 %
2	Inventec (Pudong) Technology Corp.	SQ Technology (Shanghai) Corporation	3	Sales	1,952,422	Negotiated price	1 %
	"	"	3	Accounts Receivable	583,339	105 days	- %
3	Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	3	Purchases	5,222,028	Negotiated price	2 %
	"	"	3	Accounts Payable	4,843,466	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 six months ended June 30, 2023 (excluding investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Net income (loss) of the investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares (In thousands)	Percentage of ownership	Carrying value			
The Company	Inventec Besta Co., Ltd.	Taipei	Electronic dictionary	420,347	420,347	23,405	37.53 %	206,960	(38,717)	(14,530)	Investment accounted for using equity method
"	Inventec Corporation (Hong Kong) Ltd.	Hong Kong	Trading	167,162	167,162	2,500	100.00 %	423,335	12,566	12,566	Subsidiary
"	Inventec Holding (North America) Corp.	USA	Holding Company	3,946,943	3,335,143	2,013	100.00 %	5,714,774	123,336	123,336	"
"	Inventec Appliances Corp.	New Taipei City	Intelligent device products	9,656,877	9,656,877	536,857	100.00 %	7,908,704	(158,063)	(158,063)	"
"	Inventec (Cayman) Corp.	Cayman	Holding Company	9,812,963	9,812,963	301,768	100.00 %	27,149,900	570,297	570,297	"

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Net income (loss) of the investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares (In thousands)	Percentage of ownership	Carrying value			
The Company	IEC (Cayman) Corporation	Cayman	Holding Company	739,500	739,500	25,000	100.00 %	1,911,166	112,957	112,957	Subsidiary
"	Inventec (Czech), S.R.O.	Czech	Production and sales of computer products	85,921	85,921	-	100.00 %	315,449	70,687	70,687	"
"	Inventec Investment Co., Ltd.	Taipei	Investment Company	1,000,000	1,000,000	108,800	100.00 %	81,602	6,335	6,335	"
"	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	1,087,800	1,087,800	108,150	33.45 %	(660,991)	(5,916)	80	"
"	Inventec Development Japan Corporation	Japan	Trading	630,845	630,845	45	100.00 %	18,115	(334)	(334)	"
"	Inventec Japan Corporation	Japan	Trading and management service	2,954	2,954	-	100.00 %	3,248	345	345	"
"	AIMobile Co., Ltd.	Taipei	Developing, production and sales of intelligent mobile devices	80,300	80,300	8,030	73.00 %	24,199	(28,228)	(20,607)	"
"	InveneXt System Co., Ltd.	Taipei	5G Services , hardware and software	50,000	50,000	5,000	100.00 %	49,983	111	111	"
"	Inventec Electronics (Thailand) Co., Ltd.	Thailand	Production and sales of computer products	245,680	-	105,000	100.00 %	241,098	(7,783)	(7,783)	"
Inventec Investment Co., Ltd.	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	150,000	150,000	15,000	4.64 %	(95,958)	(5,916)	-	Associate Company
"	Inventec Electronics (Thailand) Co., Ltd.	Thailand	Production and sales of computer products	-	-	-	- %	-	(7,783)	-	"
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Cayman	Holding Company	6,212,758	6,212,758	199,575	100.00 %	12,270,734	(223,452)	-	"
"	Gainia Intellectual Asset Services, Inc.	Taipei	Intellectual property rights integrative services	6,240	6,240	189	35.87 %	335	(1,679)	-	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 %	19,720	(3,080)	-	"
"	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	311,160	311,160	30,930	9.57 %	(197,866)	(5,916)	-	Associate Company
"	Inventec Appliances (Vietnam) Company Limited	Vietnam	Production and sales of intelligent devices	1,027,290	93,390	-	100.00 %	985,227	(38,829)	-	"

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Net income (loss) of the investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares (In thousands)	Percentage of ownership	Carrying value			
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	USA	Marketing promotion	24,904	24,904	400	100.00 %	104,040	678	-	Associate Company
"	Inventec Appliances Corporation USA, Inc.	"	Sales services	1,557	1,557	10	100.00 %	16,513	537	-	"
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	Malaysia	Production and sales of intelligent devices	893,828	893,828	121,000	100.00 %	(311,895)	(210,625)	-	"

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.

(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 June 30, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow						
Inventec (Shanghai) Service Co., Ltd	Sales of computer products	358,560	(2)	62,260	-	-	62,260	2,499	100.00 %	2,499	321,222	30,234
Inventec (ChongQing) Service Co., Ltd	Sales of computer products	31,130	(2)	31,130	-	-	31,130	430	100.00 %	430	40,170	-
Inventec(Pudong) Co., Ltd	Sales of computer products	1,556,500	(2)	1,556,500	-	-	1,556,500	58,495	100.00 %	58,495	4,363,922	-
Inventec (Shanghai) Co.,Ltd.	Sales of computer products	2,060,053	(2)	918,335	-	-	918,335	4,705	100.00 %	(24,097)	1,818,574	-
Inventec (ChongQing) Corporation	Production and sales of computer products	2,334,750	(2)	2,334,750	-	-	2,334,750	850,478	100.00 %	850,478	12,896,770	2,242,107
Inventec (Pudong) Technology Corp.	Production and sales of computer products	1,823,960	(2)	1,556,500	-	-	1,556,500	(183,938)	100.00 %	(202,622)	7,705,529	321,599
Inventec Electronics (Tianjin) Co.,Ltd.	Electronic product software development	155,650	(2)	132,303	-	-	132,303	9,161	100.00 %	9,161	265,565	149,517
Inventec Electronics (Beijing) Co.,Ltd.	Electronic product software development	45,139	(2)	45,139	-	-	45,139	(1,403)	100.00 %	(1,403)	74,163	-
Inventec Hi-Tech Corporation	Sales of computer products	1,556,500	(2)	1,556,500	-	-	1,556,500	(17,366)	100.00 %	(17,366)	1,636,910	-
Inventec Asset-Management(Shanghai) Corporation	Leasing	1,844,793	(3)	-	-	-	-	(27,507)	78.00 %	(21,456)	1,296,887	-

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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 June 30, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow						
Saint Investment Consulting Corporation	Business management	258,492	(3)	-	-	-	-	3,906	100.00 %	3,906	289,605	-
SQ Technology (Shanghai) Corporation	Production and sales of computer products	238,338	(3)	-	-	-	-	(168,251)	100.00 %	(168,251)	(685,490)	-
Truswe (ChongQing) Technology Co., Ltd	Sales of electronic products	129,246	(3)	-	-	-	-	(4,169)	20.00 %	(834)	21,351	-
Yingtengda(Guangdong) Technology Co., Ltd. (Note 8)	Production and sales of computer products	43,082	(3)	-	-	-	-	(4,679)	15.00 %	-	32,311	-
Testron Technology(Jiangsu) Co., Ltd.	Production and sales of electronic products	119,818	(3)	-	-	-	-	74,217	9.99 %	7,413	102,493	-
Shanghai Haixin Electronic Technology Co., Ltd.	Production and sales of electronic products	9,457	(3)	-	-	-	-	(4,577)	18.00 %	(824)	41,754	-
Dawnline Nanjing Intelligent Technology Co., Ltd	Solution of intelligent transportation	6,595	(3)	-	-	-	-	(8,880)	15.00 %	(1,332)	41,787	-
Inventec Appliances (Shanghai) Corp.	Development of intelligent devices	1,606,308	(2)	1,497,914	-	-	1,497,914	41,923	100.00 %	41,923	1,522,151	1,535,981
Inventec Appliances (Pudong) Corp.	Production and sales of intelligent devices	2,397,010	(2)	2,397,010	-	-	2,397,010	(462,304)	100.00 %	(410,947)	6,509,881	2,297,117
Inventec Appliances (Jiangning) Corp.	Production and sales of intelligent devices	2,116,840	(2)	1,307,460	-	-	1,307,460	136,078	100.00 %	127,218	3,595,599	3,571,176
Inventec Appliances (Nanjing) Corp.	House leasing	155,650	(2)	279,594	-	-	279,594	10,449	100.00 %	10,449	435,703	85,353
Inventec Appliances (Xi'an) Corporation	House leasing	124,520	(2)	124,520	-	-	124,520	2,912	100.00 %	2,912	76,176	-
Inventec Appliances (Nanchang) Corp.	Development of intelligent devices	65,373	(2)	65,373	-	-	65,373	3,675	100.00 %	3,675	3,188	-
Apex Business Managements & Consulting (Shanghai) Co., Ltd.	Business management and Consulting	2,162	(3)	-	-	-	-	4,203	100.00 %	4,203	128,642	-
Inventec Appliances (Shanghai) Enterprise	Industrial investment and investment management	34,465	(3)	-	-	-	-	(1,944)	100.00 %	(1,944)	17,921	-
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Production and sales of intelligent devices	258,490	(3)	-	-	-	-	(30,755)	100.00 %	(30,755)	(106,196)	-
Inventec Easy Doctor Corporation	Production and sales of medical devices & software development	43,082	(3)	-	-	-	-	(9,858)	100.00 %	(9,858)	20,247	-
Inventec QD (Shanghai) Corporation (Note 9)	Leasing	-	(3)	-	-	-	-	(5,012)	100.00 %	(5,012)	(4,870)	-

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2. Upper limit on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3,4,7)
The Company	8,258,789	8,258,789	-
Inventec Appliances Corp.	5,741,244	5,741,244	4,283,549

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 June 30, 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 June 30, 2023.

Note 9: No capital has been injected as of June 30, 2023.

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

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the six months ended June 30, 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		195,760,000	5.45 %

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.

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INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

June 30, 2023 and 2022

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

(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.

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

For the three months ended June 30, 2023				
	Core	Others	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 130,190,211	461,136	-	130,651,347
Intersegment revenues	-	-	-	-
Total revenue	\$ 130,190,211	461,136	-	130,651,347
Reportable segment profit (loss)	\$ 1,986,743	(227,636)	-	1,759,107
For the three months ended June 30, 2022				
	Core	Others	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 135,565,693	181,101	-	135,746,794
Intersegment revenues	-	-	-	-
Total revenue	\$ 135,565,693	181,101	-	135,746,794
Reportable segment profit (loss)	\$ 1,663,669	(111,771)	-	1,551,898
For the six months ended June 30, 2023				
	Core	Others	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 249,841,147	993,104	-	250,834,251
Intersegment revenues	-	-	-	-
Total revenue	\$ 249,841,147	993,104	-	250,834,251
Reportable segment profit (loss)	\$ 3,405,209	(513,132)	-	2,892,077

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INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

June 30, 2023 and 2022

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

	For the six months ended June 30, 2022			
	Core	Others	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 264,189,432	352,385	-	264,541,817
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 264,189,432</u>	<u>352,385</u>	<u>-</u>	<u>264,541,817</u>
Reportable segment profit (loss)	<u>\$ 3,737,809</u>	<u>(274,556)</u>	<u>-</u>	<u>3,463,253</u>
Reportable segment assets				
June 30, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2022	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 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.