

**EGIS TECHNOLOGY INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2023 AND 2022**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Egis Technology Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Egis Technology Inc. and its subsidiaries (the “Group”) as at September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the related consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these 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” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our reviews and the review reports of other independent auditors.

Scope of Review

Except as explained in the Basis for Qualified Conclusion, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of 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 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 explained in Note 6(7), the financial statements of certain investments accounted for using equity method were not reviewed by independent auditors. The balance of these investments accounted for using equity method amounted to NT\$387,568 thousand and NT\$367,713 thousand, both constituting 3% of the consolidated total assets as at September 30, 2023 and 2022, respectively, and the share of comprehensive loss of associates accounted for using equity method amounted to (NT\$42,350) thousand, (NT\$4,863) thousand, (NT\$58,449) thousand and (NT\$5,886) thousand, constituting 30%, 1%, 14% and 0.4% of the consolidated total comprehensive loss for the three months and nine months then ended, respectively.

Qualified Conclusion

Based on our reviews and the review reports of other independent auditors as described in the Other Matter – Review Reports By Other Independent Auditors section of our report, except for the possible effects of the matter described in the Basis for Qualified Conclusion section of our report, 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months then ended as well as its consolidated cash flows for the nine months then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Other Matter–Review Reports By Other Independent Auditors

We did not review the financial statements of certain investments accounted for using the equity method which were reviewed by other independent auditors. Therefore, our conclusion expressed herein, insofar as it relates to the amounts and the information disclosed in Note 13 included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for using equity method amounted to NT\$1,114,352 thousand and NT\$1,386,444 thousand, constituting 9% and 11% of the consolidated total assets as at September 30, 2023 and 2022, and the share of

comprehensive loss recognised from these investees accounted for using the equity method amounted to (NT\$13,468) thousand, (NT\$14,119) thousand, (NT\$56,639) thousand and (NT\$37,061) thousand, constituting 10%, 3%, 14% and 3% of the consolidated total comprehensive loss for the three months and nine months then ended, respectively.

Huang, Pei-Chuan

Chen, Ching Chang

For and on Behalf of PricewaterhouseCoopers, Taiwan

November 8, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(The balance sheets as of September 30, 2023 and 2022 are reviewed, not audited)

Assets	Notes	September 30, 2023		December 31, 2022		(A s a d j u s t e d) September 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,735,387	14	\$ 1,544,842	13	\$ 1,538,188	13
1110	Financial assets at fair value through profit or loss - current	6(2)	927,400	8	978,914	8	1,212,961	10
1120	Current financial assets at fair value through other comprehensive income	6(3)	33,023	-	26,223	-	27,223	-
1136	Current financial assets at amortised cost	6(4) and 8	895,923	7	698,116	6	630,702	5
1170	Accounts receivable, net	6(5)	686,711	6	600,870	5	537,980	4
1180	Accounts receivable due from related parties, net	7	3,543	-	4,098	-	489	-
1200	Other receivables		48,264	-	24,068	-	113,562	1
1210	Other receivables due from related parties	7	100,507	1	82,360	1	-	-
1220	Current tax assets		16,657	-	3,173	-	-	-
130X	Inventory	6(6)	1,040,508	8	1,633,962	14	1,771,289	15
1410	Prepayments		94,550	1	133,136	1	144,308	1
1470	Other current assets	6(6) and 8	30,196	-	33,344	-	5,460	-
11XX	Total current assets		<u>5,612,669</u>	<u>45</u>	<u>5,763,106</u>	<u>48</u>	<u>5,982,162</u>	<u>49</u>
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)	914,143	8	921,242	8	925,319	8
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8	2,181,933	18	1,934,377	16	1,963,885	16
1535	Non-current financial assets at amortised cost	6(4) and 8	23,186	-	35,486	-	24,470	-
1550	Investments accounted for using equity method	6(7)	1,501,920	12	1,771,707	15	1,761,657	15
1600	Property, plant and equipment	6(8)	167,923	1	129,750	1	131,873	1
1755	Right-of-use assets	6(9)	276,776	2	180,606	2	204,805	2
1780	Intangible assets	6(10)	1,199,281	10	882,999	7	850,908	7
1840	Deferred income tax assets		344,868	3	287,056	2	164,114	1
1990	Other non-current assets		113,050	1	119,661	1	148,248	1
15XX	Total non-current assets		<u>6,723,080</u>	<u>55</u>	<u>6,262,884</u>	<u>52</u>	<u>6,175,279</u>	<u>51</u>
1XXX	Total assets		<u>\$ 12,335,749</u>	<u>100</u>	<u>\$ 12,025,990</u>	<u>100</u>	<u>\$ 12,157,441</u>	<u>100</u>

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(The balance sheets as of September 30, 2023 and 2022 are reviewed, not audited)

Liabilities and Equity		Notes	September 30, 2023		December 31, 2022		(A s a d j u s t e d) September 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Liabilities								
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 1,254,000	10	\$ 1,238,584	10	\$ 1,040,000	8
2170	Accounts payable		318,803	3	243,915	2	369,286	3
2200	Other payables	6(12)	628,212	5	690,293	6	561,035	5
2220	Other payables to related parties	7	1,680	-	7,364	-	20,995	-
2230	Current income tax liabilities		2,052	-	100,695	1	85,172	1
2280	Current lease liabilities	6(9)	85,225	1	66,552	1	76,055	1
2320	Long-term liabilities, current portion	6(13)	407,200	3	423,636	3	365,455	3
2365	Current refund liabilities		75,369	1	89,376	1	68,692	1
2399	Other current liabilities	6(20) and 7	42,160	-	17,890	-	17,109	-
21XX	Total current liabilities		<u>2,814,701</u>	<u>23</u>	<u>2,878,305</u>	<u>24</u>	<u>2,603,799</u>	<u>22</u>
Non-current liabilities								
2540	Non-current portion of non-current borrowings	6(13)	926,500	7	1,273,700	11	1,352,200	11
2570	Deferred tax liabilities		97,159	1	102,971	1	111,242	1
2580	Non-current lease liabilities	6(9)	202,576	2	124,043	1	138,252	1
2600	Other non-current liabilities		13,869	-	15,451	-	3,165	-
25XX	Total non-current liabilities		<u>1,240,104</u>	<u>10</u>	<u>1,516,165</u>	<u>13</u>	<u>1,604,859</u>	<u>13</u>
2XXX	Total liabilities		<u>4,054,805</u>	<u>33</u>	<u>4,394,470</u>	<u>37</u>	<u>4,208,658</u>	<u>35</u>
Equity								
Share capital								
3110	Common stock	6(16)	742,718	6	692,718	6	692,718	6
Capital surplus								
3200	Capital surplus	6(17)	1,361,184	11	1,005,857	8	972,256	8
Retained earnings								
3310	Legal reserve	6(18)	725,338	6	725,338	6	725,338	6
3320	Special reserve		857,729	7	75,368	1	75,368	-
3350	Unappropriated retained earnings		897,802	7	2,358,198	19	2,631,301	22
Other equity interest								
3400	Other equity interest	6(19)	(724,501)	(6)	(857,729)	(7)	(833,901)	(7)
31XX	Equity attributable to owners of parent		<u>3,860,270</u>	<u>31</u>	<u>3,999,750</u>	<u>33</u>	<u>4,263,080</u>	<u>35</u>
36XX	Non-controlling interests	6(28)	<u>4,420,674</u>	<u>36</u>	<u>3,631,770</u>	<u>30</u>	<u>3,685,703</u>	<u>30</u>
3XXX	Total equity		<u>8,280,944</u>	<u>67</u>	<u>7,631,520</u>	<u>63</u>	<u>7,948,783</u>	<u>65</u>
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 12,335,749</u>	<u>100</u>	<u>\$ 12,025,990</u>	<u>100</u>	<u>\$ 12,157,441</u>	<u>100</u>

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)
(REVIEWED, NOT AUDITED)

	Items	Notes	Three months ended September 30				Nine months ended September 30			
			2023		2022		2023		2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(20) and 7	\$ 946,548	100	\$ 795,103	100	\$ 2,721,841	100	\$ 2,443,356	100
5000	Operating costs	6(6)(25)	(649,636)	(69)	(516,141)	(65)	(1,872,192)	(69)	(1,556,652)	(64)
5900	Net operating margin		<u>296,912</u>	<u>31</u>	<u>278,962</u>	<u>35</u>	<u>849,649</u>	<u>31</u>	<u>886,704</u>	<u>36</u>
	Operating expenses	6(25) and 7								
6100	Selling expenses		(88,165)	(9)	(77,084)	(10)	(248,210)	(9)	(134,241)	(5)
6200	General and administrative expenses		(117,738)	(13)	(114,817)	(15)	(326,115)	(12)	(284,701)	(12)
6300	Research and development expenses		(388,492)	(41)	(424,821)	(53)	(1,162,393)	(43)	(1,071,237)	(44)
6450	Impairment gain (loss) determined in accordance with IFRS 9	6(5)	(44)	-	(483)	-	314	-	(483)	-
6000	Total operating expenses		(594,439)	(63)	(617,205)	(78)	(1,736,404)	(64)	(1,490,662)	(61)
6900	Operating loss		(297,527)	(32)	(338,243)	(43)	(886,755)	(33)	(603,958)	(25)
	Non-operating income and expenses									
7100	Interest income	6(21)	11,117	1	10,660	1	35,971	1	23,275	1
7010	Other income	6(22)	17,971	2	46,877	6	34,756	1	51,523	2
7020	Other gains and losses	6(23)	29,696	3	35,148	5	245,627	9	97,505	4
7050	Finance costs	6(24)	(14,898)	(1)	(10,205)	(1)	(45,242)	(1)	(19,757)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	(57,228)	(6)	(20,662)	(3)	(122,203)	(4)	(28,656)	(1)
7000	Total non-operating income and expenses		(13,342)	(1)	61,818	8	148,909	6	123,890	5
7900	Loss before income tax		(310,869)	(33)	(276,425)	(35)	(737,846)	(27)	(480,068)	(20)
7950	Income tax benefit (expense)	6(26)	3,495	-	46,034	6	87,067	3	(82,131)	(3)
8200	Loss for the period		<u>(\$ 307,374)</u>	<u>(33)</u>	<u>(\$ 230,391)</u>	<u>(29)</u>	<u>(\$ 650,779)</u>	<u>(24)</u>	<u>(\$ 562,199)</u>	<u>(23)</u>

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)
(REVIEWED, NOT AUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
8311		\$ 447	-	\$ -	-	\$ 447	-	\$ -	-
8316	6(3)								
8320	6(19)	163,114	17	(255,780)	(32)	235,152	9	(770,123)	(32)
8349	6(3)							(31,535)	(1)
8310		(3,604)	-	-	-	(3,604)	-	-	-
		<u>159,957</u>	<u>17</u>	<u>(255,780)</u>	<u>(32)</u>	<u>231,995</u>	<u>9</u>	<u>(801,658)</u>	<u>(33)</u>
Components of other comprehensive income (loss) that will be reclassified to profit or loss									
8361	6(19)	5,714	1	6,753	1	3,016	-	7,442	-
8367	6(3)								
8370	6(19)	(453)	-	3,318	-	452	-	(8,290)	-
8360		<u>1,410</u>	<u>-</u>	<u>2,484</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>3,684</u>	<u>-</u>
8300		<u>6,671</u>	<u>1</u>	<u>12,555</u>	<u>1</u>	<u>5,468</u>	<u>-</u>	<u>2,836</u>	<u>-</u>
8500		<u>\$ 166,628</u>	<u>18</u>	<u>(\$ 243,225)</u>	<u>(31)</u>	<u>\$ 237,463</u>	<u>9</u>	<u>(\$ 798,822)</u>	<u>(33)</u>
8500		<u>(\$ 140,746)</u>	<u>(15)</u>	<u>(\$ 473,616)</u>	<u>(60)</u>	<u>(\$ 413,316)</u>	<u>(15)</u>	<u>(\$ 1,361,021)</u>	<u>(56)</u>
Profit (loss) attributable to:									
8610		(\$ 232,394)	(25)	(\$ 251,926)	(32)	(\$ 495,220)	(18)	(\$ 578,970)	(24)
8620		(74,980)	(8)	21,535	3	(155,559)	(6)	16,771	1
		<u>(\$ 307,374)</u>	<u>(33)</u>	<u>(\$ 230,391)</u>	<u>(29)</u>	<u>(\$ 650,779)</u>	<u>(24)</u>	<u>(\$ 562,199)</u>	<u>(23)</u>
Comprehensive income (loss) attributable to:									
8710		(\$ 136,783)	(15)	(\$ 484,127)	(61)	(\$ 335,464)	(12)	(\$ 1,366,768)	(56)
8720		(3,963)	-	10,511	1	(77,852)	(3)	5,747	-
		<u>(\$ 140,746)</u>	<u>(15)</u>	<u>(\$ 473,616)</u>	<u>(60)</u>	<u>(\$ 413,316)</u>	<u>(15)</u>	<u>(\$ 1,361,021)</u>	<u>(56)</u>
Loss per share (in dollars) 6(27)									
9750		<u>(\$ 3.13)</u>		<u>(\$ 3.64)</u>		<u>(\$ 6.90)</u>		<u>(\$ 8.36)</u>	
9850		<u>(\$ 3.13)</u>		<u>(\$ 3.64)</u>		<u>(\$ 6.90)</u>		<u>(\$ 8.36)</u>	

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Equity attributable to owners of the parent					Other Equity Interest		Total	Non-controlling interests	Total
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
Nine months ended September 30, 2022 (As adjusted)											
Balance at January 1, 2022		\$ 692,718	\$ 968,659	\$ 284,300	\$ -	\$ 4,450,106	(\$ 594)	(\$ 74,774)	\$ 6,320,415	\$ 12,135	\$ 6,332,550
Profit (loss)		-	-	-	-	(578,970)	-	-	(578,970)	16,771	(562,199)
Other comprehensive income (loss)		-	-	-	-	-	6,648	(794,446)	(787,798)	(11,024)	(798,822)
Total comprehensive income (loss)		-	-	-	-	(578,970)	6,648	(794,446)	(1,366,768)	5,747	(1,361,021)
Appropriations and distribution of 2021 retained earnings:	6(18)										
Legal reserve		-	-	441,038	-	(441,038)	-	-	-	-	-
Special reserve		-	-	-	75,368	(75,368)	-	-	-	-	-
Cash dividends of ordinary share		-	-	-	-	(692,718)	-	-	(692,718)	-	(692,718)
Changes in ownership interests in subsidiaries		-	1,435	-	-	-	-	-	1,435	3,674	5,109
Proceeds from disposal of investments accounted for using equity method		-	-	-	-	(30,561)	(2,317)	31,582	(1,296)	-	(1,296)
Changes in equity of associates accounted for using equity method		-	2,162	-	-	(150)	-	-	2,012	-	2,012
Increase in non-controlling interests	6(28)	-	-	-	-	-	-	-	-	3,664,147	3,664,147
Balance at September 30, 2022		\$ 692,718	\$ 972,256	\$ 725,338	\$ 75,368	\$ 2,631,301	\$ 3,737	(\$ 837,638)	\$ 4,263,080	\$ 3,685,703	\$ 7,948,783
Nine months ended September 30, 2023											
Balance at January 1, 2023		\$ 692,718	\$ 1,005,857	\$ 725,338	\$ 75,368	\$ 2,358,198	\$ 43	(\$ 857,772)	\$ 3,999,750	\$ 3,631,770	\$ 7,631,520
Profit (loss)		-	-	-	-	(495,220)	-	-	(495,220)	(155,559)	(650,779)
Other comprehensive income		-	-	-	-	99	2,188	157,469	159,756	77,707	237,463
Total comprehensive income (loss)		-	-	-	-	(495,121)	2,188	157,469	(335,464)	(77,852)	(413,316)
Appropriations and distribution of 2022 retained earnings:	6(18)										
Special reserve		-	-	-	782,361	(782,361)	-	-	-	-	-
Cash dividends of ordinary share		-	-	-	-	(207,815)	-	-	(207,815)	-	(207,815)
Issuance of shares	6(16)	50,000	300,000	-	-	-	-	-	350,000	-	350,000
Disposal of equity instrument at fair value through other comprehensive income	6(3)	-	-	-	-	26,429	-	(26,429)	-	-	-
Changes in ownership interests in subsidiaries		-	22,275	-	-	(914)	-	-	21,361	353,346	374,707
Changes in equity of associates accounted for using equity method		-	33,052	-	-	(614)	-	-	32,438	-	32,438
Increase in non-controlling interests	6(28)	-	-	-	-	-	-	-	-	513,410	513,410
Balance at September 30, 2023		\$ 742,718	\$ 1,361,184	\$ 725,338	\$ 857,729	\$ 897,802	\$ 2,231	(\$ 726,732)	\$ 3,860,270	\$ 4,420,674	\$ 8,280,944

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Nine months ended September 30	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 737,846)	(\$ 480,068)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(25)	142,035	91,450
Amortisation	6(10)(25)	197,772	45,160
(Impairment gain) expected credit loss	6(5)	(314)	483
Interest income	6(21)	(35,971)	(23,275)
Interest expense	6(24)	45,242	19,757
Dividend income	6(22)	(22,862)	(45,676)
Losses (gains) on disposals of property, plant and equipment	6(23)	405	(1,006)
(Gains) losses on disposal of investments accounted for using equity method	6(23)	(59,875)	32,164
Gains from lease modification	6(9)(23)	(2,096)	-
(Gains) losses on financial assets at fair value through profit or loss, net	6(2)(23)	(141,521)	28,827
Share of loss of associates accounted for using equity method	6(7)	122,203	28,656
Share-based payments	6(15)(25)	33,910	12,866
Losses on refundable deposits		18,836	-
Others		35	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable (including due from related parties)		(73,490)	396,072
Other receivables (including due from related parties)		(11,924)	13,236
Inventories		701,186	(530,175)
Prepayments		39,681	41,886
Other current assets		1,045	(655)
Changes in operating liabilities			
Accounts payable		59,950	(307,230)
Other payables (including due from related parties)		(236,454)	(277,212)
Current refund liabilities		(14,007)	(6,447)
Other current liabilities		24,369	(9,149)
Cash inflow (outflow) generated from operations		50,309	(970,336)
Interest received		34,813	21,539
Cash dividends received		22,862	45,676
Income taxes paid		(98,684)	(609,908)
Interest paid		(46,001)	(16,942)
Net cash flows used in operating activities		(36,701)	(1,529,971)

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Nine months ended September 30	
		2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		(\$ 17,044)	(\$ 758,209)
Proceeds from disposal of financial assets at fair value through profit or loss		239,054	549,939
Acquisition of financial assets at fair value through other comprehensive income		(61,262)	(1,835,330)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(29)	7,500	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		40,663	-
Decrease in financial assets at amortised cost		177,693	644,595
Acquisition of investments accounted for using equity method		-	(80,800)
Proceeds from disposal of investments accounted for using equity method		-	9,773
Acquisition of property, plant and equipment	6(29)	(65,229)	(27,644)
Proceeds from disposal of property, plant and equipment		4,771	4,322
Acquisition of intangible assets	6(29)	(137,347)	(45,599)
Collection of prepayments for investments		-	134,400
Cash flows generated from acquisition of subsidiaries		182,751	1,261,522
Net cash flow from proceeds from disposal of subsidiaries		(2,817)	-
Decrease (increase) in other non-current assets		13,825	(23,285)
Net cash flows from (used in) investing activities		<u>382,558</u>	<u>(166,316)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(30)	1,254,000	790,000
Decrease in short-term loans	6(30)	(1,238,584)	-
Proceeds from long-term debt	6(30)	-	1,477,500
Repayments of long-term debt	6(30)	(363,636)	(617,118)
Payments of lease liabilities	6(30)	(69,193)	(45,687)
Cash dividends paid	6(18)	(207,815)	(692,718)
(Decrease) increase in other non-current liabilities	6(30)	(1,582)	3,165
Proceeds from issuing shares	6(16)	350,000	-
Cash dividends paid by subsidiaries		(142,193)	-
Proceeds from issuing shares by subsidiaries		254,746	-
Issuance of treasury shares to employees by subsidiaries		5,204	-
Net cash flows (used in) from financing activities		<u>(159,053)</u>	<u>915,142</u>
Effect of exchange rate changes		3,741	(5,811)
Net increase (decrease) in cash and cash equivalents		190,545	(786,956)
Cash and cash equivalents at beginning of period		1,544,842	2,325,144
Cash and cash equivalents at end of period		<u>\$ 1,735,387</u>	<u>\$ 1,538,188</u>

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Egis Technology Inc. (the “Company”) was incorporated on December 26, 2007 as a company limited by shares under the laws of the Republic of China (“R.O.C.”) and registered under the Ministry of Economic Affairs, R.O.C. The address of its registered office is 30F, -1, No. 118, Ciyun Rd., East Dist., Hsinchu City, Taiwan. The Company and its subsidiaries (collectively the “Group”) are primarily engaged in the research, development, and sales of data security software, biometric identification software and hardware, wholesale of electronic material, development and design of IC and international trading.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on November 8, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Material Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.
 - (b) Defined benefit assets recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for the preparation of these consolidated financial statements is the same as the basis for the consolidated financial statements for the year ended December 31, 2022.

B. Subsidiaries included in the consolidated financial statements:

No.	Investor	Name of subsidiary	Main business activities	Ownership (%)			Description
				September 30, 2023	December 31, 2022	September 30, 2022	
1	Egis Technology Inc.	Egis Technology (Japan) Inc. (Japan)	Customer service, business promotion and technical service	100.00	100.00	100.00	
2	"	Egis Technology Korea Inc. (Korea)	Customer service, business promotion and technical service	100.00	100.00	100.00	
3	"	Igistec Co., Ltd.	Technology development	-	-	74.69	Note 1
4	"	Sense Investment and Consulting Inc.	Holding activity	100.00	100.00	100.00	
5	"	Luxsentek Microelectronics Corp.	Technology development	86.93	86.93	86.93	
6	"	Egis Intelligent (Shanghai) Co., Ltd.	Customer service, business promotion and technical service	100.00	100.00	100.00	
7	"	Egis (Hong Kong) Limited	Holding activity	100.00	100.00	100.00	Note 2
8	"	VASUBI Technology Inc.	Technology development	100.00	100.00	100.00	Note 3
9	"	NUI Technology Inc.	Technology development	100.00	100.00	100.00	"
10	"	Taurus Wireless Inc.	Technology development	100.00	100.00	100.00	"
11	"	Transducer Star Technology INC. (Transducer Star)	Technology development	90.26	-	-	Note 4
12	"	Alcor Micro, Corp. (Alcor)	Wholesale of electronic materials, development and design of IC and international trading, etc.	20.30	22.01	22.01	Notes 5 and 10
13	Alcor	Alcor Micro Technology, Inc. (AMTI)	Investment and holding activity	100.00	100.00	100.00	Note 5
14	"	Syncomm Technology Corp. (Syncomm)	Development, design and sales of IC	26.47	26.72	26.72	Notes 5, 6 and 11
15	"	Alcorlink Corp. (Alcorlink)	Development, design and sales of IC	-	49.99	49.99	Notes 5 and 7
16	"	Chun-Feng Investment Limited (Chun-Feng)	General investment business	100.00	100.00	100.00	Note 5
17	"	ENE Technology Inc. (ENE)	Development, design and sales of IC	17.66	17.65	17.65	Notes 5, 6 and 12
18	"	AlgolTek, Inc. (AlgolTek)	Development, design and sales of IC	31.44	-	-	Notes 6 and 7
19	AlgolTek	Alcorlink Corp. (Alcorlink)	Development, design and sales of IC	100.00	-	-	Note 7
20	Alcorlink	Egis Vision Inc.(Egis Vision)	Development, design and sales of IC	80.00	-	-	Note 8

No.	Investor	Name of subsidiary	Main business activities	Ownership (%)			Description
				September 30, 2023	December 31, 2022	September 30, 2022	
21	AMTI	Alcor Micro Tech. (ShenZhen) Ltd.	After sales service and collection of business intelligence	100.00	100.00	100.00	Note 5
22	"	Alcor Micro Technology (H.K.) Limited (AMTHK)	Management and sales of electronic products	100.00	100.00	100.00	"
23	Chun-Feng	Syncomm Technology Corp. (Syncomm)	Development, design and sales of IC	5.39	5.44	5.44	Notes 5, 6 and 11
24	"	Alcorlink Corp. (Alcorlink)	Development, design and sales of IC	0.40	-	-	Notes 6 and 7
25	ENE	ENE Touch Technology Co., Ltd. (ENE Touch)	Wholesale of electronic materials	-	100.00	100.00	Note 9

Note 1: It was a company which was liquidated in 2022.

Note 2: Egis (Hong Kong) Limited was incorporated on August 17, 2015 and the capital injection has not yet been completed by the Group.

Note 3: VASUBI Technology Inc., NUI Technology Inc. and Taurus Wireless Inc. were established in 2022.

Note 4: The Group merged with Transducer Star Technology Inc. in 2023. Refer to Note 6(31) for details. The Board of Directors during its meeting on September 11, 2023 resolved to conduct a cash capital increase by issuing 1,000 thousand new shares. Egis will fully subscribe the capital increase, and consequently, the Group's ownership changed to 90.26%.

Note 5: Alcor was a subsidiary which was acquired on July 11, 2022. Although the Group's shareholding ratio in Alcor was less than 50%, the Group obtained the majority voting rights in the Board of Directors through effective agreements with other shareholders. Thus, Alcor was included in the consolidated financial statements. Refer to Note 6(7)C. for details.

Note 6: The Group's subsidiary, Alcor, was the single major shareholder of Syncomm, ENE and AlgoTek. Although the direct shareholding ratio did not reach 50%, Alcor had substantial decision-making power on each companies' finance, operations and personnel administration, and in the conduct of their main business activities. Further, during the shareholders' meeting of each company, Alcor has obtained the majority voting right, and has substantial control power. Thus, they were included in the consolidated financial statements.

Note 7: Considering AlgoTek's and Alcorlink's future long-term development needs, in accordance with the regulations of the Enterprise Merger and Acquisition Act, AlgoTek exchanged shares with the shareholders of Alcorlink by issuing new shares as consideration, and acquired 100% equity interest of Alcorlink. The effective date was set on April 1, 2023. The Group held 31.81% equity interest in AlgoTek after the transaction. Additionally, due to the adjustment of the treasury shares, the exercise of employees' stock options and the retirement of restricted stocks, the Group's shareholding ratio as at September 30, 2023 was changed to 31.84%.

Note 8: Egis Vision was established on June 9, 2023. In order to implement reorganisation and work specialisation for enhancing competitiveness and operational performance, the Board of Directors of Alcorlink during its meeting on June 28, 2023 resolved to spin off its "Image Product Business" to Egis Vision Inc., which was 100% owned by Alcorlink. The spin-off effective date was set on July 1, 2023. The Board of Directors of Egis Vision during its meeting on August 10, 2023 resolved to conduct a cash capital increase by issuing 1,500 thousand new shares. As Alcorlink did not subscribe to the capital increase proportionately to its ownership, the Group's ownership decreased to 80.00%.

Note 9: ENE Technology Inc. sold all its equity interest in the subsidiary, ENE Touch, with the effective date set on April 20, 2023.

Note 10: Since Alcor issued restricted stocks, the Group's total shareholding ratio as at September 30, 2023 and December 31, 2022 was changed to 20.30% and 22.01%, respectively.

Note 11: Since Syncomm issued and retired restricted stocks, the Group's total shareholding ratio as at September 30, 2023 and December 31, 2022 was changed to 31.86% and 32.16%, respectively.

Note 12: Since ENE retired restricted stocks, the Group's total shareholding ratio as at September 30, 2023 and December 31, 2022 was changed to 17.66% and 17.65%, respectively.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of September 30, 2023, December 31, 2022 and September 30, 2022, the non-controlling interest amounted to \$4,420,674, \$3,631,770 and \$3,685,703, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		<u>Non-controlling interest</u>	
		<u>September 30, 2023</u>	
<u>Name of subsidiary</u>	<u>Principal place of business</u>	<u>Amount</u>	<u>Ownership (%)</u>
Alcor and its subsidiaries	Taiwan	\$ 4,418,827	79.70%

		<u>Non-controlling interest</u>	
		<u>December 31, 2022</u>	
<u>Name of subsidiary</u>	<u>Principal place of business</u>	<u>Amount</u>	<u>Ownership (%)</u>
Alcor and its subsidiaries	Taiwan	\$ 3,631,019	77.99%

		<u>Non-controlling interest</u>	
		<u>September 30, 2022</u>	
<u>Name of subsidiary</u>	<u>Principal place of business</u>	<u>Amount</u>	<u>Ownership (%)</u>
Alcor and its subsidiaries	Taiwan	\$ 3,679,886	77.99%

Balance sheets

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Alcor and its subsidiaries</u>	<u>Alcor and its subsidiaries</u>	<u>Alcor and its subsidiaries</u>
Current assets	\$ 4,094,224	\$ 3,457,179	\$ 3,479,090
Non-current assets	1,906,200	1,569,011	1,675,958
Current liabilities	(626,174)	(627,779)	(612,463)
Non-current liabilities	(256,801)	(154,284)	(155,230)
Total net assets	<u>\$ 5,117,449</u>	<u>\$ 4,244,127</u>	<u>\$ 4,387,355</u>

Statement of comprehensive income

	<u>Nine months ended September 30, 2023</u>	<u>Three months ended September 30, 2023</u>
	<u>Alcor and its subsidiaries</u>	<u>Alcor and its subsidiaries</u>
Revenue	\$ 1,309,129	\$ 463,783
Loss before income tax	(\$ 215,577)	(\$ 94,458)
Income tax benefit	37,667	5,974
Loss, net of tax	(177,910)	(88,484)
Other comprehensive income	99,730	91,143
Total comprehensive loss	<u>(\$ 78,180)</u>	<u>\$ 2,659</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 75,561)</u>	<u>(\$ 3,743)</u>
Dividends paid to non-controlling interest	<u>\$ 142,193</u>	<u>\$ -</u>
		<u>From July 11, 2022 to September 30, 2022</u>
		<u>Alcor and its subsidiaries</u>
Revenue		\$ 392,728
Profit before income tax		\$ 23,732
Income tax benefit		1,529
Profit, net of tax		25,261
Other comprehensive income		14,164
Total comprehensive loss		<u>\$ 39,425</u>
Comprehensive income attributable to non-controlling interest		<u>\$ 30,748</u>

Statement of cash flows

	<u>Nine months ended September 30, 2023</u>	<u>From July 11, 2022 to September 30, 2022</u>
	<u>Alcor and its subsidiaries</u>	<u>Alcor and its subsidiaries</u>
Net cash from (used in) operating activities	\$ 4,967	(\$ 41,050)
Net cash from (used in) investing activities	296,774	(69,829)
Net cash from (used in) financing activities	28,236	(255,013)
Effect of exchange rate changes on cash and cash equivalents	4,180	-
Increase (decrease) in cash and cash equivalents	<u>334,157</u>	<u>(365,892)</u>
Cash and cash equivalents, beginning of period	819,418	1,341,963
Cash and cash equivalents, end of period	<u>\$ 1,153,575</u>	<u>\$ 976,071</u>

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation 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. Also, the related information is disclosed accordingly.

(5) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

There was no significant change in the reporting period. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand and revolving funds	\$ 1,713	\$ 1,569	\$ 1,592
Checking accounts and demand deposits	1,473,464	1,283,118	1,174,938
Time deposits	260,210	260,155	361,658
	<u>\$ 1,735,387</u>	<u>\$ 1,544,842</u>	<u>\$ 1,538,188</u>

- A. The above time deposits pertain to high liquidity investments with a maturity of less than 3 months.
- B. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- C. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 780,765	\$ 845,340	\$ 1,074,451
Principal protected note	120,723	120,249	120,282
Hybrid instrument - convertible bonds	10,900	-	-
Foreign unlisted stocks	15,012	13,325	18,228
	<u>\$ 927,400</u>	<u>\$ 978,914</u>	<u>\$ 1,212,961</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Hybrid instrument - convertible bonds	\$ 158,478	\$ 177,473	\$ 189,293
Beneficiary certificates	111,995	115,360	115,336
Unlisted private placement funds	66,914	61,056	64,678
Domestic listed stocks	486,106	409,247	407,012
Domestic unlisted stocks	90,650	158,106	149,000
	<u>\$ 914,143</u>	<u>\$ 921,242</u>	<u>\$ 925,319</u>

- A. For the three months and nine months ended September 30, 2023 and 2022, the Group recognised (loss) gain on financial assets at fair value through profit or loss in the amount of (\$11,227), (\$3,080), \$141,521 and (\$28,827), respectively.
- B. The Group has no financial assets at fair value through profit or loss pledged to others.
- C. Information relating to fair value of financial assets at fair value through profit or loss is provided in Note 12(3).

(3) Financial assets at fair value through other comprehensive income

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Debt instrument			
Bonds	\$ 29,084	\$ 21,556	\$ 22,185
Equity instrument			
Listed stocks	3,939	4,667	5,038
	<u>\$ 33,023</u>	<u>\$ 26,223</u>	<u>\$ 27,223</u>
Non-current items:			
Debt instrument			
Bonds	\$ 5,774	\$ 5,143	\$ 138,166
Equity instrument			
Listed stocks	1,110,753	970,606	900,022
Unlisted stocks	1,065,406	958,628	925,697
	<u>\$ 2,181,933</u>	<u>\$ 1,934,377</u>	<u>\$ 1,963,885</u>

- A. The Group designated the investments shown above as debt instruments as financial assets at fair value through other comprehensive income, because these debt instruments represent those investments that the Group holds within a business model whose objective is achieved by both collecting the contractual cash flows and by selling financial assets.
- B. The Group has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,180,098, \$1,933,901 and \$1,830,757 as at September 30, 2023, December 31, 2022 and September 30, 2022, respectively.
- C. Aiming to satisfy the Group's operating plan, the Group disposed \$37,533 of its investment in ION ELECTRONIC MATERIALS CO., LTD. for a total of 3,000 thousand shares at fair value, resulting to a cumulative gain (net of tax) on disposal of \$26,429 during the third quarter of 2023. No strategic investments were disposed during the third quarter of 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

D. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	\$ 163,114	(\$ 255,780)
Cumulative gains reclassified to retained earnings due to derecognition	\$ 30,033	\$ -
Dividend income recognised in profit or loss Held at end of period	\$ 1,550	\$ 43,887
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive (loss) income	(\$ 453)	\$ 3,318
Interest income recognised in profit or loss	\$ 169	\$ 1,324
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	\$ 235,152	(\$ 770,123)
Cumulative gains reclassified to retained earnings due to derecognition	\$ 30,033	\$ -
Dividend income recognised in profit or loss Held at end of period	\$ 12,208	\$ 43,887
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	\$ 452	(\$ 8,290)
Interest income recognised in profit or loss	\$ 997	\$ 3,264

E. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the recognised carrying amount of financial assets.

F. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

G. Information relating to the fair value of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Financial assets at amortised cost

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Time deposits with maturity over three months	\$ 581,825	\$ 426,614	\$ 394,392
Pledged time deposits	285,617	256,454	220,689
Bonds	<u>28,481</u>	<u>15,048</u>	<u>15,621</u>
	<u>\$ 895,923</u>	<u>\$ 698,116</u>	<u>\$ 630,702</u>
Non-current items:			
Pledged time deposits	\$ 7,462	\$ 8,144	\$ 8,837
Bonds	<u>15,724</u>	<u>27,342</u>	<u>15,633</u>
	<u>\$ 23,186</u>	<u>\$ 35,486</u>	<u>\$ 24,470</u>

A. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the recognised carrying amount of financial assets.

B. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Interest income	<u>\$ 7,210</u>	<u>\$ 2,232</u>
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Interest income	<u>\$ 18,036</u>	<u>\$ 3,084</u>

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable	\$ 686,798	\$ 600,876	\$ 538,463
Less: Allowance for uncollectible accounts	(87)	(6)	(483)
	<u>\$ 686,711</u>	<u>\$ 600,870</u>	<u>\$ 537,980</u>

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Not past due	\$ 684,790	\$ 597,496	\$ 516,968
Up to 30 days	2,008	3,303	1,229
31 to 90 days	-	77	20,168
Over 91 days	-	-	98
	<u>\$ 686,798</u>	<u>\$ 600,876</u>	<u>\$ 538,463</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2023, December 31, 2022 and September 30, 2022, accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$608,734.

C. The Group had no accounts receivable pledged to others as collateral.

D. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Group was the recognised carrying amount of the financial assets.

E. The Group comprehensively considered the geographic area, product types and credit rating of each customer. The Group applies the modified approach using a provision matrix to estimate the expected credit loss. The Group used the consideration of forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group's expected credit loss rates were not significant.

F. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>2023</u>	<u>2022</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 6	\$ -
(Gain on reversal of) impairment loss	(314)	483
Others	395	-
At September 30	<u>\$ 87</u>	<u>\$ 483</u>

G. Information relating to credit risk of accounts receivable is provided in Note 12(2).

H. The Group has obtained collaterals, including time deposits, promissory notes, and fixed assets, from some customers based on credit terms as guarantees for credit enhancement of accounts receivable.

(6) Inventories

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Raw materials	\$ 541,285	\$ 790,425	\$ 666,423
Work in progress	381,777	664,691	900,009
Finished goods	117,446	178,147	204,857
Goods in transit	-	699	-
	<u>\$ 1,040,508</u>	<u>\$ 1,633,962</u>	<u>\$ 1,771,289</u>

A. For the three months and nine months ended September 30, 2023 and 2022, the inventory costs which were recognised as cost of goods sold were \$648,863, \$517,656, \$1,865,945 and \$1,549,191, respectively. Further, certain inventories were written off to net realisable value, and the Company recognised inventories valuation loss amounting to \$57,059, \$9,831, \$274,747 and \$33,427 For the three months and nine months ended September 30, 2023 and 2022, respectively.

B. The Group has no inventories pledged to others.

C. To secure the steady supply of wafer capacity, in June 2021, the Group's subsidiary signed a purchase agreement for pre-order capacity with a supplier, and paid guarantee of US\$1,000 thousand, of which US\$675 thousand was recognised as a loss in 2023 since the subsidiary did not meet the purchase quantity requirement under the contract, and the remaining balance of US\$325 thousand was accounted as other current assets as of September 30, 2023.

D. ENE Technology Inc. signed a long-term contract with its supplier, indicating its commitment to outsource a minimum quantity to the supplier. Any loss from non-fulfillment of the contract was recognised as current cost.

(7) Investments accounted for using equity method

A. Details of investments accounted for using equity method are as follows:

<u>Company name</u>	<u>September 30, 2023</u>	
	<u>Shareholding ratio</u>	<u>Amount</u>
iCatch Technology, Inc. (iCatchtek)	18.91%	\$ 1,114,352
SCT Holdings Ltd. (SCT)	19.51%	346,705
Egis Innovation Fund G.P., Ltd.	50.00%	7,504
Terawins, Inc.	17.65%	33,359
		<u>\$ 1,501,920</u>

<u>Company name</u>	<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Shareholding ratio</u>	<u>Amount</u>	<u>Shareholding ratio</u>	<u>Amount</u>
iCatch Technology, Inc. (iCatchtek)	18.91%	\$ 1,169,344	21.03%	1,155,357
SCT Holdings Ltd. (SCT)	20.00%	367,339	20.00%	367,713
Egis Innovation Fund G.P., Ltd.	50.00%	7,487	50.00%	7,500
AlgolTek, Inc. (AlgolTek)	20.13%	227,537	20.24%	231,087
		<u>\$ 1,771,707</u>		<u>\$ 1,761,657</u>

B. Share of profit (loss) of associates accounted for using equity method are as follows:

<u>Company name</u>	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Alcor Micro, Corp. (Alcor)	\$ -	(\$ 1,469)
iCatch Technology, Inc. (iCatchtek) (Note 1)	(13,468)	(13,462)
SCT Holdings Ltd. (SCT) (Note 2)	(39,532)	(4,863)
Egis Innovation Fund G.P., Ltd. (Egis Innovation) (Note 2)	17	-
Terawins, Inc. (Terawins) (Note 2)	(4,245)	-
AlgolTek, Inc. (AlgolTek)	-	(868)
	<u>(\$ 57,228)</u>	<u>(\$ 20,662)</u>

Company name	Nine months ended September 30	
	2023	2022
Alcor Micro, Corp. (Alcor)	\$ -	\$ 14,502
iCatch Technology, Inc. (iCatchtek) (Note 1)	(56,639)	(36,404)
SCT Holdings Ltd. (SCT) (Note 2)	(53,424)	(5,886)
Egis Innovation Fund G.P., Ltd. (Egis Innovation) (Note 2)	17	-
Terawins, Inc. (Terawins) (Note 2)	(7,042)	-
AlgoITek, Inc. (AlgoITek)	(5,115)	(868)
	<u>(\$ 122,203)</u>	<u>(\$ 28,656)</u>

Note 1: Share of loss of iCatchtek was recognised based on the financial statements reviewed by other auditors.

Note 2: The financial information for the third quarter of 2023 of Terawins, SCT and Egis Innovation was recognised based on the financial statements that were not reviewed by independent auditors. The financial information for the third quarter of 2022 of SCT and Egis Innovation was recognised based on the financial statements that were not reviewed by independent auditors.

- C. The Group was the single major shareholder of Alcor. Based on the attendance in the shareholders' meeting and the result of reelection of directors of Alcor on June 15, 2022, as well as the effective agreements obtained from other shareholders on July 11, 2022, the Group has obtained majority voting rights in the Board of Directors of Alcor. As the Group was assessed to have the ability to exercise significant influence over Alcor's operations, Alcor was included in the Group's consolidated financial statements starting from July 11, 2022. Refer to Note 6(31) for details.
- D. In December 2021, the Group invested the amount of \$652,000 in iCatchtek and acquired 11.83% equity interest. In January 2022, the Group acquired an additional ownership of \$537,600 in iCatchtek through public offering, resulting in the Group's ownership in iCatchtek to increase to 21.03%. As the Group has significant influence over iCatchtek, the investment was accounted for using equity method. Additionally, on November 2, 2022, iCatchtek processed a cash capital increase by issuing new shares, and the Group did not subscribe to the capital increase proportionately to its ownership, resulting in the decrease in the Group's ownership to 18.91%. However, the Group still held 3 board seats and accordingly, has significant influence over iCatchtek.
- E. In April 2022, the Group invested the amount of \$73,300 in SCT and acquired 4% equity interest. In addition, the convertible bonds held by the Group have been converted into common stock of SCT's, resulting in the Group's ownership in SCT to increase to 20%. As the Group has significant influence over SCT, the investment was accounted for using equity method. Additionally, on February 3, 2023, SCT processed a cash capital increase by issuing new shares, and the Group did not subscribe to the capital increase proportionately to its ownership, resulting in the decrease in the Group's ownership to 19.51%.

F. The Group was the single major shareholder of AlgorTek. As of March 31, 2023, the Group had no significant influence and does not hold over half of the seats in the Board of Directors based on the assessment of the degree of active participation of other shareholders in AlgorTek's past shareholders' meetings. Accordingly, the Group had no majority voting rights. These factors showed that the Group did not have the actual ability to unilaterally control the related activities of AlgorTek, therefore, the Group only had significant influence on but not control over AlgorTek.

Subsequently, considering AlgorTek's and Alcorlink's future long-term development needs, in accordance with the regulations of the Enterprise Merger and Acquisition Act, AlgorTek exchanged shares with the shareholders of Alcorlink by issuing new shares as consideration, and acquired 100% equity interest of Alcorlink. The effective date was set on April 1, 2023. The Group held 31.81% equity interest in AlgorTek after the transaction, and was the single major shareholder of AlgorTek. The Group had the ability to exercise significant influence over AlgorTek's operations and had substantial control based on the assessment of the degree of active participation of other shareholders in AlgorTek's past shareholders' meetings. Thus, AlgorTek was included in the Group's consolidated financial statements since April 1, 2023. Refer to Notes 4(3) and 6(31) for details.

G. The Group held 5,360 thousand shares of Terawins, Inc.'s common stocks, and the shareholding ratio was 17.65%. As the Group serves as the corporate director of the associate and has two directors out of seven in its Board, the Group has significant influence over it, and accordingly, the investment was accounted for using equity method.

H. The summarised financial information of the associates that are material to the Group is as follows:

Balance sheets

	iCatchtek		
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current assets	\$ 1,775,410	\$ 1,801,284	\$ 1,642,290
Non-current assets	181,285	129,531	107,149
Current liabilities	(182,374)	(155,656)	(302,534)
Non-current liabilities	(25,980)	(31,749)	(34,396)
Total net assets	<u>\$ 1,748,341</u>	<u>\$ 1,743,410</u>	<u>\$ 1,412,509</u>
Share in associate's net assets	\$ 330,611	\$ 329,679	\$ 297,051
Goodwill	166,580	166,580	166,580
Excess of investments accounted for using equity method	<u>617,161</u>	<u>673,085</u>	<u>691,726</u>
Carrying amount of the associate	<u>\$ 1,114,352</u>	<u>\$ 1,169,344</u>	<u>\$ 1,155,357</u>

	SCT		
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current assets	\$ 545,963	\$ 762,561	\$ 707,797
Non-current assets	72,100	66,412	48,566
Current liabilities	(480,371)	(630,928)	(565,652)
Non-current liabilities	(3,933)	(7,484)	(651)
Total net assets	<u>\$ 133,759</u>	<u>\$ 190,561</u>	<u>\$ 190,060</u>
Share in associate's net assets	\$ 26,096	\$ 38,112	\$ 38,012
Goodwill	240,838	240,838	240,838
Excess of investments accounted for using equity method	<u>79,771</u>	<u>88,389</u>	<u>88,863</u>
Carrying amount of the associate	<u>\$ 346,705</u>	<u>\$ 367,339</u>	<u>\$ 367,713</u>
		AlgoTek	
		<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current assets		\$ 804,682	\$ 855,133
Non-current assets		150,412	125,528
Current liabilities		(100,698)	(109,837)
Non-current liabilities		(26,482)	(28,872)
Total net assets		<u>\$ 827,914</u>	<u>\$ 841,952</u>
Share in associate's net assets		\$ 166,779	\$ 170,329
Goodwill		58,985	58,985
Excess of investments accounted for using equity method		1,890	1,890
Unrealised gain		(117)	(117)
Carrying amount of the associate		<u>\$ 227,537</u>	<u>\$ 231,087</u>

Statement of comprehensive income

	<u>Alcor</u>	
	<u>July 1, 2022 to July 10, 2022</u>	<u>January 1, 2022 to July 10, 2022</u>
Revenue	\$ 34,889	\$ 823,842
(Loss) profit for the period	(3,438)	125,788
Other comprehensive loss	-	(135,703)
Total comprehensive loss	(\$ 3,438)	(\$ 9,915)
Share of (loss) income for the period	(\$ 1,469)	\$ 14,502

	<u>iCatchtek</u>	
	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 304,409	\$ 266,047
Profit for the period	\$ 27,355	\$ 24,624
Other comprehensive income	-	-
Total comprehensive income	\$ 27,355	\$ 24,624
Share of loss for the period	(\$ 13,468)	(\$ 13,462)

	<u>iCatchtek</u>	
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 834,065	\$ 883,371
(Loss) profit for the period	(\$ 3,787)	\$ 83,132
Other comprehensive income	-	-
Total comprehensive (loss) income	(\$ 3,787)	\$ 83,132
Share of loss for the period	(\$ 56,639)	(\$ 36,404)

	<u>SCT</u>	
	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 101,057	\$ 118,095
Loss for the period	(\$ 169,851)	(\$ 5,252)
Other comprehensive income	1,163	365
Total comprehensive loss	(\$ 168,688)	(\$ 4,887)
Share of loss for the period	(\$ 39,532)	(\$ 4,863)

	SCT	
	Nine months ended September 30	
	2023	2022
Revenue	\$ 417,747	\$ 578,348
(Loss) profit for the period	(\$ 203,703)	\$ 9,490
Other comprehensive income	846	5,774
Total comprehensive (loss) income	(\$ 202,857)	\$ 15,264
Share of loss for the period	(\$ 53,424)	(\$ 5,886)

	AlgoTek	
	Three months ended March 31, 2023	Three months ended September 30, 2022
	Revenue	\$ 55,353
Loss for the period	(\$ 25,408)	(\$ 3,334)
Other comprehensive income	645	43
Total comprehensive loss	(\$ 24,763)	(\$ 3,291)
Share of loss for the period	(\$ 5,115)	(\$ 868)

I. The Group's material associate, iCatchtek, has quoted market prices. As of September 30, 2023, the fair value was \$711,900. The Group's material associates, iCatchtek and AlgoTek, have quoted market price. As of December 31, 2022 and September 30, 2022, the fair value was \$720,000, \$242,445, and \$871,920, \$232,660, respectively.

(8) Property, plant and equipment

	2023					
	Information equipment	Development equipment	Leasehold improvements	Others	Equipment under acceptance	Total
At January 1						
Cost	\$ 92,215	\$ 190,775	\$ 33,398	\$ 100,475	\$ -	\$ 416,863
Accumulated depreciation	(70,474)	(136,503)	(23,448)	(56,688)	-	(287,113)
	<u>\$ 21,741</u>	<u>\$ 54,272</u>	<u>\$ 9,950</u>	<u>\$ 43,787</u>	<u>\$ -</u>	<u>\$ 129,750</u>
At January 1	\$ 21,741	\$ 54,272	\$ 9,950	\$ 43,787	\$ -	\$ 129,750
Additions	6,415	24,042	16,203	24,974	136	71,770
Acquired from business combinations	67	17,826	6,189	18,125	-	42,207
Disposals	(197)	(3,419)	(1,253)	(307)	-	(5,176)
Depreciation charge	(13,356)	(26,182)	(6,188)	(24,898)	-	(70,624)
Net exchange differences	9	-	1	(14)	-	(4)
At September 30	<u>\$ 14,679</u>	<u>\$ 66,539</u>	<u>\$ 24,902</u>	<u>\$ 61,667</u>	<u>\$ 136</u>	<u>\$ 167,923</u>
At September 30						
Cost	\$ 93,391	\$ 229,300	\$ 53,141	\$ 144,518	\$ 136	\$ 520,486
Accumulated depreciation	(78,712)	(162,761)	(28,239)	(82,851)	-	(352,563)
	<u>\$ 14,679</u>	<u>\$ 66,539</u>	<u>\$ 24,902</u>	<u>\$ 61,667</u>	<u>\$ 136</u>	<u>\$ 167,923</u>

	2022					
	Information equipment	Development equipment	Leasehold improvements	Others	Unfinished construction	Total
At January 1						
Cost	\$ 83,167	\$ 79,275	\$ 21,122	\$ 38,479	\$ -	\$ 222,043
Accumulated depreciation	(48,276)	(45,488)	(9,530)	(24,025)	-	(127,319)
	<u>\$ 34,891</u>	<u>\$ 33,787</u>	<u>\$ 11,592</u>	<u>\$ 14,454</u>	<u>\$ -</u>	<u>\$ 94,724</u>
At January 1	\$ 34,891	\$ 33,787	\$ 11,592	\$ 14,454	\$ -	\$ 94,724
Additions	8,958	13,281	2,084	3,321	-	27,644
Acquired from business combinations	-	21,363	2,999	30,510	4,458	59,330
Disposals	-	-	-	(3,316)	-	(3,316)
Transfers	-	-	-	4,458	(4,458)	-
Depreciation charge	(16,697)	(17,087)	(4,833)	(7,882)	-	(46,499)
Net exchange differences	4	(6)	-	(8)	-	(10)
At September 30	<u>\$ 27,156</u>	<u>\$ 51,338</u>	<u>\$ 11,842</u>	<u>\$ 41,537</u>	<u>\$ -</u>	<u>\$ 131,873</u>
At September 30						
Cost	\$ 91,025	\$ 113,744	\$ 26,159	\$ 65,536	\$ -	\$ 296,464
Accumulated depreciation	(63,869)	(62,406)	(14,317)	(23,999)	-	(164,591)
	<u>\$ 27,156</u>	<u>\$ 51,338</u>	<u>\$ 11,842</u>	<u>\$ 41,537</u>	<u>\$ -</u>	<u>\$ 131,873</u>

The Group has no pledged property, plant and equipment.

(9) Lease transactions — lessee

	September 30, 2023	December 31, 2022	September 30, 2022
Right-of-use assets:			
Buildings and structures	\$ 266,585	\$ 176,606	\$ 199,763
Transportation equipment (Business vehicles)	5,591	2,440	3,013
Machinery and equipment	792	1,167	1,292
Other equipment	3,808	393	737
	<u>\$ 276,776</u>	<u>\$ 180,606</u>	<u>\$ 204,805</u>
Lease liability:			
Current	\$ 85,225	\$ 66,552	\$ 76,055
Non-current	202,576	124,043	138,252
	<u>\$ 287,801</u>	<u>\$ 190,595</u>	<u>\$ 214,307</u>

A. The Group leases various assets including building, business vehicles, machinery and equipment and parking spaces. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The depreciation charge of right-of-use assets are as follows:

	Three months ended September 30	
	2023	2022
Buildings and structures	\$ 19,972	\$ 23,286
Transportation equipment (Business vehicles)	527	741
Machinery and equipment	125	125
Other equipment	278	344
	<u>\$ 20,902</u>	<u>\$ 24,496</u>

	Nine months ended September 30	
	2023	2022
Buildings and structures	\$ 68,557	\$ 43,658
Transportation equipment (Business vehicles)	1,586	741
Machinery and equipment	375	208
Other equipment	893	344
	<u>\$ 71,411</u>	<u>\$ 44,951</u>

C. For the nine months ended September 30, 2023 and 2022, the additions to right-of-use assets were \$184,747 and \$70,905, respectively.

D. Short-term leases with a lease term of 12 months or less comprise parking spaces and warehouse. Low-value assets comprise multifunction printers and drinking fountain.

E. The information on profit or loss accounts relating to lease contracts is as follows:

	Three months ended September 30	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,507	\$ 851
Expense on short-term lease contracts	3,134	1,316
Expense on leases of low-value assets	91	103
Expense on variable lease payments	-	93
Gains arising from lease modifications	240	-

	Nine months ended September 30	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,260	\$ 1,780
Expense on short-term lease contracts	8,348	3,132
Expense on leases of low-value assets	452	254
Expense on variable lease payments	95	93
Gains arising from lease modifications	2,096	-

F. For the nine months ended September 30, 2023 and 2022, the Group's total cash outflow for leases were \$82,348 and \$50,946, respectively.

G. For the nine months ended September 30, 2023, due to the earlier termination of the lease contract and adjustment of the rent-free period, the Group's right-of-use assets and lease liabilities on September 30, 2023 decreased by \$37,980 and \$40,076, respectively.

H. Variable lease payments:

Some of the Group's lease contracts contain variable lease payment terms, whereby the payments were calculated and expenses were recognised based on the quantity actually used during the period.

(10) Intangible assets

	2023					
	<u>Goodwill</u>	<u>Patents</u>	<u>Acquired special technology</u>	<u>Customer relationship</u>	<u>Software cost</u>	<u>Total</u>
At January 1						
Cost	\$ 181,949	\$ 218,828	\$ 97,355	\$ 395,199	\$ 251,272	\$ 1,144,603
Accumulated amortisation	-	(57,428)	(69,520)	(33,370)	(101,286)	(261,604)
	<u>\$ 181,949</u>	<u>\$ 161,400</u>	<u>\$ 27,835</u>	<u>\$ 361,829</u>	<u>\$ 149,986</u>	<u>\$ 882,999</u>
At January 1	\$ 181,949	\$ 161,400	\$ 27,835	\$ 361,829	\$ 149,986	\$ 882,999
Additions - acquired separately	-	-	-	-	253,085	253,085
Additions - acquired through business combinations (Note 1)	191,153	10,395	42,976	3,137	6,357	254,018
Reclassification (Note 2)	-	-	11,916	-	(4,967)	6,949
Amortisation charge	-	(40,244)	(17,658)	(54,528)	(85,342)	(197,772)
Net exchange differences	-	-	-	-	2	2
At September 30	<u>\$ 373,102</u>	<u>\$ 131,551</u>	<u>\$ 65,069</u>	<u>\$ 310,438</u>	<u>\$ 319,121</u>	<u>\$ 1,199,281</u>
At September 30						
Cost	\$ 373,102	\$ 243,119	\$ 160,306	\$ 402,071	\$ 497,382	\$ 1,675,980
Accumulated amortisation	-	(111,568)	(95,237)	(91,633)	(178,261)	(476,699)
	<u>\$ 373,102</u>	<u>\$ 131,551</u>	<u>\$ 65,069</u>	<u>\$ 310,438</u>	<u>\$ 319,121</u>	<u>\$ 1,199,281</u>

	2022					
	Goodwill	Patents	Acquired special technology	Customer relationship	Software cost	Total
At January 1						
Cost	\$ 111,403	\$ 47,886	\$ 112,078	\$ -	\$ 92,085	\$ 363,452
Accumulated amortisation	-	(26,524)	(65,716)	-	(76,965)	(169,205)
	<u>\$ 111,403</u>	<u>\$ 21,362</u>	<u>\$ 46,362</u>	<u>\$ -</u>	<u>\$ 15,120</u>	<u>\$ 194,247</u>
At January 1	\$ 111,403	\$ 21,362	\$ 46,362	\$ -	\$ 15,120	\$ 194,247
Additions - acquired separately	-	9,000	1,586	-	35,013	45,599
Additions - acquired through business combinations (Note 3)	75,122	151,039	11,043	395,199	23,817	656,220
Amortisation charge	-	(10,276)	(11,850)	(6,224)	(16,810)	(45,160)
Net exchange differences	-	-	-	-	2	2
At September 30	<u>\$ 186,525</u>	<u>\$ 171,125</u>	<u>\$ 47,141</u>	<u>\$ 388,975</u>	<u>\$ 57,142</u>	<u>\$ 850,908</u>
At September 30						
Cost	\$ 186,525	\$ 207,925	\$ 124,707	\$ 395,199	\$ 154,272	\$ 1,068,628
Accumulated amortisation	-	(36,800)	(77,566)	(6,224)	(97,130)	(217,720)
	<u>\$ 186,525</u>	<u>\$ 171,125</u>	<u>\$ 47,141</u>	<u>\$ 388,975</u>	<u>\$ 57,142</u>	<u>\$ 850,908</u>

Note 1: It was generated from the Group's merger with Transducer Star and AlgoTek. The allocation duration of the acquisition price for Transducer Star and AlgoTek will be completed in one year. Refer to Note 6(31) for details of business combination.

Note 2: Pertains to a transfer to prepayments and a transfer from other non-current assets.

Note 3: It was generated from the Group's merger with Alcor. Refer to Note 6(31) for details of business combination.

A. Details of amortisation on intangible assets are as follows:

	Three months ended September 30	
	2023	2022
Operating costs	\$ 30	\$ 27
Selling expenses	19,848	9,931
Administrative expenses	1,222	212
Research and development expenses	45,634	17,977
	<u>\$ 66,734</u>	<u>\$ 28,147</u>

	Nine months ended September 30	
	2023	2022
Operating costs	\$ 88	\$ 27
Selling expenses	55,074	9,772
Administrative expenses	4,799	3,767
Research and development expenses	137,811	31,594
	<u>\$ 197,772</u>	<u>\$ 45,160</u>

B. The Group has no intangible assets pledged to others.

C. Goodwill is allocated as follows to the Group's cash-generating units:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Biometric sensor chip and its application	<u>\$ 106,827</u>	<u>\$ 106,827</u>	<u>\$ 111,403</u>
USB control chip and its application	<u>\$ 75,122</u>	<u>\$ 75,122</u>	<u>\$ 75,122</u>
Wearable electroacoustic products and their applications	<u>\$ 5,159</u>	<u>\$ -</u>	<u>\$ -</u>
Multimedia video converter control chip and its application	<u>\$ 185,994</u>	<u>\$ -</u>	<u>\$ -</u>

The Group tested impairment for the cash-generating units of goodwill at the end of the annual financial reporting period periodically and used value-in-use as the basis for calculating the recoverable amount. Additionally, the Group assesses whether there is any indication of impairment at the end of each reporting period. As of September 30, 2023, there was no indication that goodwill might be impaired.

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Bank borrowings			
Unsecured borrowings	\$ 1,094,000	\$ 1,042,584	\$ 890,000
Secured borrowings	160,000	196,000	150,000
	<u>\$ 1,254,000</u>	<u>\$ 1,238,584</u>	<u>\$ 1,040,000</u>
Undrawn facilities	<u>\$ 918,700</u>	<u>\$ 1,677,596</u>	<u>\$ 1,843,500</u>
Interest rate range	<u>1.46% ~ 2.67%</u>	<u>1.39% ~ 2.68%</u>	<u>0.89% ~ 1.66%</u>

Information about the collateral that was pledged for short-term borrowings is provided in Note 8.

(12) Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Payable on wages, salaries and bonuses	\$ 215,920	\$ 310,239	\$ 260,969
Payable on acquisition of intangible assets	156,236	47,344	760
Payable on software licensing fees	65,101	117,570	106,575
Payable on royalties	44,479	46,195	32,613
Payable on employees' compensation and directors' remuneration	27,434	37,726	55,601
Payable on technical service expenditures	20,235	13,537	5,029
Payable on machinery and equipment	10,881	4,340	5,053
Payable on research, development and testing expenses	9,903	44,818	24,988
Payable on professional service fees	9,099	20,767	18,970
Others	68,924	47,757	50,477
	<u>\$ 628,212</u>	<u>\$ 690,293</u>	<u>\$ 561,035</u>

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Long-term bank borrowings			
Unsecured borrowings	\$ 425,333	\$ 785,878	\$ 786,151
Secured borrowings	<u>908,367</u>	<u>911,458</u>	<u>931,504</u>
	1,333,700	1,697,336	1,717,655
Less: Current portion	(<u>407,200</u>)	(<u>423,636</u>)	(<u>365,455</u>)
	<u>\$ 926,500</u>	<u>\$ 1,273,700</u>	<u>\$ 1,352,200</u>
Undrawn facilities	<u>\$ 881,700</u>	<u>\$ 366,300</u>	<u>\$ 347,800</u>
Maturity year	<u>2024-2027</u>	<u>2023-2027</u>	<u>2023-2027</u>
Interest rate range	<u>1.90%~2.24%</u>	<u>1.27%~2.69%</u>	<u>1.27%~2.69%</u>

A. Compliance with borrowing contracts

In accordance with the regulations of the borrowing contracts between the Group and certain creditor banks, the Company shall prepare consolidated financial statements semiannually during the term of the borrowings and maintain the financial ratios agreed by both parties. If the agreed ratios are not met, the borrowing interest rate shall be raised as specified in the contracts.

Based on the Group's consolidated financial statements for the second quarter of 2022, the Group was not able to meet the required financial ratios agreed with certain creditor banks and accordingly, the creditor banks had to increase the borrowing interest rate in accordance with the contracts. Abovementioned matters have no significant impact to the Group. For the fourth quarter of 2022 and the second quarter of 2023, the Group was not able to meet the required interest coverage ratio as agreed with certain creditor banks and accordingly, the creditor banks had to increase the borrowing interest rate in accordance with the contracts. Abovementioned matters have no significant impact to the Group.

B. Information about the collateral that was pledged for long-term borrowings is provided in Note 8.

(14) Pensions

- A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, no pension cost was recognised for the three months and nine months ended September 30, 2023 and 2022.
- (c) As of September 30, 2023, the Group did not make contributions to the retirement fund as the balance of the retirement fund had exceeded the present value of defined benefit obligation.

- B. (a) The Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) Other overseas entities have established a defined contribution plan under the local regulations and contribute a certain percentage of the salaries and wages of the local employees to the endowment insurance or pension fund. Other than the annual contributions, the entities have no further obligations.
- (c) The pension costs under the defined contribution pension plans of the Group for the three months and nine months ended September 30, 2023 and 2022 were \$11,772, \$13,168, \$37,078 and \$28,032, respectively.

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(15) Share-based payment

A. As of September 30, 2023, the Group's share-based payment arrangements were as follows:

Issuing entity	Type of arrangement	Grant date	Quantity granted (unit in thousands)	Number of shares available for subscription per unit	Contract period	Vesting conditions
Luxsentek	Employee stock options	2022.01.21 ~ 2022.02.25 (Note 1)	2,586	1	3 years	Three years of service (Notes 2 and 3)
Alcor	Restricted stocks to employees	2023.03.20	723	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 4)
"	"	2022.01.03	477	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 5)
ENE	"	2022.05.10	20	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 6)
"	"	2022.03.16	980	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 6)
Syncomm	"	2023.02.01	300	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 7)
"	"	2022.03.17	700	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 7)
Alcorlink	"	2021.11.05	1,000	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Notes 8 and 9)
"	Treasury shares transferred to employees	2023.01.13	274	N/A	N/A	Vested immediately
AlgoTek	Employee stock options	2017.7.3	1,000	1	6 years	After 3 years from the date of grant, an employee may exercise the options at a certain percentage as prescribed in the option plan.

- (a) The employee stock options issued by Luxsentek Microelectronics Corp. cannot be sold, pledged, transferred, donated, collateralised, or disposed in any other method during the vesting period.
- (b) The restricted stocks issued by Alcor and Alcorlink cannot be sold, pledged, transferred, gifted, collateralised or disposed in any other method and have no rights to participate in the allocation (subscription) of dividends to original shareholders before meeting the vesting conditions.
- (c) The restricted stocks issued by Syncomm and ENE cannot be sold, pledged, transferred, gifted, collateralised or disposed in any other method before meeting the vesting conditions.

The share-based payment arrangements above are settled by equity.

- Note 1: Grant date was set between January 21, 2022 to February 25, 2022 based on the date signing stock reward agreement with employees.
- Note 2: After working for 3 years from the date of grant, employees may exercise the options in accordance with certain schedules as prescribed in the option plan.
- Note 3: As of September 30, 2023, all of the employees who signed the stock reward agreement did not meet the requirements of the agreement as they resigned, were dismissed or were transferred to associates under 3 years of service, resulting in the expiration of the employee stock options.
- Note 4: Whether the vesting conditions have been met will be determined on March 31 each year and the restrictions on rights will be lifted from April 22 each year (postponed when the day falls on a public holiday).
- Note 5: Whether the vesting conditions have been met will be determined on December 31 each year and the restrictions on rights will be lifted from January 31 each year (postponed when the day falls on a public holiday).
- Note 6: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 20%, 30% and 50%, respectively.
- Note 7: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 30%, 35% and 35%, respectively.
- Note 8: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 30%, 30% and 40%, respectively.
- Note 9: As a result of the share swap, AlgolTek assumed the performance obligation of employee restricted stocks initially issued by Alcorlink starting from the effective date of the share swap. Therefore, the underlying shares were changed from Alcorlink to AlgolTek, and the conversion price and quantity granted were adjusted based on the share swap ratio. The number of shares subscribable per unit was adjusted based on the share swap ratio of 1:0.6, and the quantity granted was changed from 1,000 thousand shares to 600 thousand shares.

B. Details of the restricted stocks to employees are as follows:

(a) Alcor:

	Nine months ended September 30	
	2023	2022
	Number (in thousands)	Number (in thousands)
Beginning balance of restricted stocks	274	432
Stocks issued	723	477
Stocks vested	-	(207)
Stocks expired	(453)	(99)
Ending balance of restricted stocks	<u>544</u>	<u>603</u>

(b) Alcorlink (had been converted to AlgorTek's restricted stocks):

	Nine months ended September 30	
	2023	2022
	Number (in thousands)	Number (in thousands)
Beginning balance of restricted stocks	600	1,000
Stocks vested	(131)	-
Stocks expired	(125)	-
Stocks retired (Note)	(8)	-
Ending balance of restricted stocks	<u>336</u>	<u>1,000</u>

The above stock options had been converted from Alcorlink's shares into AlgorTek's shares at a ratio of 1:0.6.

Note: Alcorlink had retired 8 thousand shares for the nine months ended September 30, 2023, however, the registration of the retirement of stocks has not yet been processed as of September 30, 2023.

(c) Syncomm:

	Nine months ended September 30	
	2023	2022
	Number (in thousands)	Number (in thousands)
Beginning balance of restricted stocks	700	-
Stocks issued	300	700
Stocks vested	(201)	-
Stocks retired	(9)	-
Ending balance of restricted stocks	<u>790</u>	<u>700</u>

(d) ENE:

	Nine months ended September 30	
	2023	2022
	Number (in thousands)	Number (in thousands)
Beginning balance of restricted stocks	1,000	-
Stocks issued	-	1,000
Stocks vested	(198)	-
Stocks expired	(18)	-
Ending balance of restricted stocks	<u>784</u>	<u>1,000</u>

C. Details of the restricted stocks to employees of AlgoTek are as follows:

	Nine months ended September 30, 2023	
	Number (in thousands)	Weighted-average exercise price
Beginning balance of options outstanding	-	\$ -
Acquired from business combinations	25	10
Stocks expired	(25)	10
Ending balance of options outstanding	<u>-</u>	-
Ending balance of options exercisable	<u>-</u>	-

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D. The fair value of restricted stocks to employees, treasury shares transferred to employees and employee stock options is measured using the Black-Scholes model. Relevant input information is as follows:

<u>Issuing entity</u>	<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price (in dollars)</u>	<u>Exercise price (in dollars)</u>	<u>Expected price volatility (Note 1)</u>	<u>Expected option life</u>	<u>Expected dividend rate</u>	<u>Risk-free interest rate</u>
Alcor	Restricted stocks to employees	2023.03.20	34.85	-		Note 2		
"	"	2022.01.03	60.50	-		Note 2		
ENE	"	2022.05.10	40.25	-		Note 3		
"	"	2022.03.16	41.50	-		Note 3		
Syncomm	"	2023.02.01	22.62	-		Note 2		
"	"	2022.03.17	25.49	-	57.15%	1 year	0%	0.36%
Alcorlink	"	2021.11.05	34.70	-		Note 2		
"	Treasury shares transferred to employees	2023.01.13	26.30	19.00	46.78%	0.063 year	0%	0.78%
Luxsentek	Employee stock options	2022.01.21~ 2022.02.25	10.00	10.00		Note 4		
AlgoTek	Employee stock options	2017.07.03	23.89	10.00	39.28%	4.15 years	0%	0.80%

Note 1: Expected price volatility rate was estimated by using the average price volatility of similar listed entities within the appropriate period and the historical common stock price volatility within a year from the date of the Company's assessment.

Note 2: The restricted stocks were issued at a price of NT\$0 (in dollars) (i.e. without consideration) with a par value of \$10 (in dollars) per share and measured at fair value based on the closing price on the grant date and taking into account restrictions on dividend collection.

Note 3: The restricted stocks were issued at a price of NT\$0 (in dollars) (i.e. without consideration) with a par value of \$10 (in dollars) per share and measured at fair value based on the closing price on the grant date.

Note 4: The employee stock options were issued at par value of NT\$10 per share, the issuance price was NT\$10 per share, and the fair value was measured at the latest price of cash capital increase of Luxsentek Microelectronics Corp.

E. Compensation cost that the Group recognised for the abovementioned share-based payment transactions for the three months and nine months ended September 30, 2023 and 2022 amounted to \$11,065, \$12,866, \$33,910 and \$12,866, respectively.

(16) Share capital

A. As of September 30, 2023, the Company's authorised capital was \$1,000,000, consisting of 100,000 thousand shares of ordinary stock, and the paid-in capital was \$742,718 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding (units: in thousands of shares) are as follows:

	<u>2023</u>	<u>2022</u>
At January 1	69,272	69,272
Issuance of shares - private placement	<u>5,000</u>	<u>-</u>
At September 30	<u><u>74,272</u></u>	<u><u>69,272</u></u>

B. To seek opportunities for industrial cooperation or strategic alliance for the purpose of expanding market and creating shareholders' long-term value, the stockholders at their annual stockholders' meeting on June 22, 2022 adopted a resolution to raise additional cash through private placement with the effective date set on May 16, 2023. The maximum number of shares to be issued through the private placement is 10,000 thousand shares at a subscription price of \$70 (in dollars) per share. The amount of capital raised through the private placement was \$350,000 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(17) Capital surplus

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Share premium	\$ 1,268,659	\$ 968,659	\$ 968,659
Changes in ownership interests in subsidiaries	22,770	495	1,435
Changes in associates accounted for using the equity method	<u>69,755</u>	<u>36,703</u>	<u>2,162</u>
	<u><u>\$ 1,361,184</u></u>	<u><u>\$ 1,005,857</u></u>	<u><u>\$ 972,256</u></u>

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

- A. The current year's earnings, if any, shall first be used to pay all taxes and offset accumulated operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, a special reserve shall be set aside or reverse in accordance with the related laws or regulations made by the regulatory authority. The remainder along with the opening balance of unappropriated earnings shall be proposed by the Board of Directors and submitted to the shareholders during their meeting for resolution when they are distributed in the form of new shares; and resolved by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors then reported to the shareholders during their meeting according to Paragraph 5 of Article 240 of the Company Act when they are distributed in the form of cash.
- B. The Company's dividend policy is adopted by taking into consideration current and future development plans, investment environment, capital needs, domestic and foreign competitors, shareholders' interests and the general standards of dividend distribution in the industry and capital market. The dividends to shareholders can be distributed in the form of cash or shares and cash dividends shall account for at least 20% of the total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriations of 2022 and 2021 earnings as resolved by the shareholders at their meeting on June 21, 2023 and June 22, 2022, respectively are as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ -		\$ 441,038	
Special reserve	782,361		75,368	
Cash dividends	207,815	\$ 3.00	692,718	\$ 10.00
	<u>\$ 990,176</u>		<u>\$ 1,209,124</u>	

(19) Other equity items

	<u>Currency translation</u>	<u>Unrealised (losses) gains on valuation</u>	<u>Total</u>
At January 1, 2023	\$ 43	(\$ 857,772)	(\$ 857,729)
Currency translation differences			
- Group	188	-	188
- Associates	2,000	-	2,000
Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income			
- Group	-	156,872	156,872
- Reclassifications of disposal of investments accounted for other comprehensive income to retained earning	-	(30,033)	(30,033)
- Revaluation transferred to retained earnings – tax	-	3,604	3,604
Unrealised gains from investments in debt instruments measured at fair value through other comprehensive income			
- Group	-	597	597
At September 30, 2023	<u>\$ 2,231</u>	<u>(\$ 726,732)</u>	<u>(\$ 724,501)</u>

	Currency translation	Unrealised (losses) gains on valuation	Total
At January 1, 2022	(\$ 594)	(\$ 74,774)	(\$ 75,368)
Currency translation			
- Group	1,921	-	1,921
- Associates	4,727	-	4,727
- Reclassifications of gains (losses) on disposal of investments accounted for using the equity method to profit or loss	(2,317)	-	(2,317)
Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income			
- Group	-	(752,649)	(752,649)
- Associates	-	(31,535)	(31,535)
- Reclassifications of disposal of investments accounted for using the equity method to retained earnings	-	30,561	30,561
Unrealised losses from investments in debt instruments measured at fair value through other comprehensive income			
- Group	-	(9,219)	(9,219)
- Associates	-	(1,043)	(1,043)
- Reclassifications of gains (losses) on disposal of investments accounted for using the equity method to profit or loss	-	1,021	1,021
At September 30, 2022	<u>\$ 3,737</u>	<u>(\$ 837,638)</u>	<u>(\$ 833,901)</u>

(20) Operating revenue

A. The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major geographical regions:

	Three months ended September 30, 2023		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major geographical regions:			
Taiwan	\$ 157	\$ 171,276	\$ 171,433
Asia	482,608	292,396	775,004
Others	-	111	111
	<u>\$ 482,765</u>	<u>\$ 463,783</u>	<u>\$ 946,548</u>

	Three months ended September 30, 2022		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major geographical regions:			
Taiwan	\$ 231	\$ 143,483	\$ 143,714
Asia	402,145	242,566	644,711
America	-	215	215
Others	-	6,463	6,463
	<u>\$ 402,376</u>	<u>\$ 392,727</u>	<u>\$ 795,103</u>

	Nine months ended September 30, 2023		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major geographical regions:			
Taiwan	\$ 5,845	\$ 499,525	\$ 505,370
Asia	1,406,867	809,389	2,216,256
Others	-	215	215
	<u>\$ 1,412,712</u>	<u>\$ 1,309,129</u>	<u>\$ 2,721,841</u>

	Nine months ended September 30, 2022		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major geographical regions:			
Taiwan	\$ 1,020	\$ 143,483	\$ 144,503
Asia	2,049,609	242,566	2,292,175
America	-	215	215
Others	-	6,463	6,463
	<u>\$ 2,050,629</u>	<u>\$ 392,727</u>	<u>\$ 2,443,356</u>

	Three months ended September 30, 2023		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major product/service lines:			
Sales revenue	\$ 482,719	\$ 463,213	\$ 945,932
Service revenue	46	570	616
	<u>\$ 482,765</u>	<u>\$ 463,783</u>	<u>\$ 946,548</u>

	Three months ended September 30, 2022		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major product/service lines:			
Sales revenue	\$ 402,313	\$ 389,745	\$ 792,058
Service revenue	63	2,982	3,045
	<u>\$ 402,376</u>	<u>\$ 392,727</u>	<u>\$ 795,103</u>

	Nine months ended September 30, 2023		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major product/service lines:			
Sales revenue	\$ 1,407,205	\$ 1,306,159	\$ 2,713,364
Service revenue	5,507	2,970	8,477
	<u>\$ 1,412,712</u>	<u>\$ 1,309,129</u>	<u>\$ 2,721,841</u>

	Nine months ended September 30, 2022		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major product/service lines:			
Sales revenue	\$ 2,049,780	\$ 389,745	\$ 2,439,525
Service revenue	849	2,982	3,831
	<u>\$ 2,050,629</u>	<u>\$ 392,727</u>	<u>\$ 2,443,356</u>

- B. The Group has recognised the revenue-related contract liabilities - advance receipts shown as other current liabilities amounting to \$31,769, \$7,652, \$9,016 and \$1,257 on September 30, 2023, December 31, 2022, September 30, 2022 and January 1, 2022, respectively.
- C. The revenue recognised that was included in the contract liability balance at the beginning of the nine months ended September 30, 2023 and 2022 were \$4,968 and \$0, respectively.

(21) Interest income

	Three months ended September 30	
	2023	2022
Interest income from bank deposits	\$ 3,374	\$ 3,710
Other interest income	7,743	6,950
	<u>\$ 11,117</u>	<u>\$ 10,660</u>

	Nine months ended September 30	
	2023	2022
Interest income from bank deposits	\$ 15,499	\$ 7,717
Other interest income	20,472	15,558
	<u>\$ 35,971</u>	<u>\$ 23,275</u>

(22) Other income

	Three months ended September 30	
	2023	2022
Rent income	\$ 811	\$ 770
Dividend income	11,160	43,887
Others	6,000	2,220
	<u>\$ 17,971</u>	<u>\$ 46,877</u>

	Nine months ended September 30	
	2023	2022
Rent income	\$ 2,291	\$ 1,913
Dividend income	22,862	45,676
Others	9,603	3,934
	<u>\$ 34,756</u>	<u>\$ 51,523</u>

(23) Other gains and losses

	Three months ended September 30	
	2023	2022
Gains on disposal of property, plant and equipment	\$ 802	\$ 731
Losses on disposal of investments accounted for using the equity method (Note 1)	- (32,164)
Gains arising from leases modifications	240	-
Foreign exchange gains	40,035	73,138
Losses on financial assets at fair value through profit or loss	(11,227) (3,080)
Other losses (Note 2)	(154) (3,477)
	<u>\$ 29,696</u>	<u>\$ 35,148</u>

	Nine months ended September 30	
	2023	2022
(Losses) gains on disposal of property, plant and equipment	(\$ 405) \$	1,006
Gains (losses) on disposal of investments accounted for using the equity method (Note 1)	59,875 (32,164)
Gains arising from leases modifications	2,096	-
Foreign exchange gains	63,621	162,070
Gains (losses) on financial assets at fair value through profit or loss	141,521 (28,827)
Other losses (Note 2)	(21,081) (4,580)
	<u>\$ 245,627</u>	<u>\$ 97,505</u>

Note 1: Mainly pertains to gains on remeasurement at fair value due to business combinations. Refer to Note 6(31) for details.

Note 2: Mainly pertains to guarantee deposits paid which were recognised as losses. Refer to Note 6(6) for details.

(24) Finance costs

	Three months ended September 30	
	2023	2022
Interest expense on bank borrowings	\$ 13,391	\$ 9,354
Lease liability	1,507	851
	<u>\$ 14,898</u>	<u>\$ 10,205</u>

	Nine months ended September 30	
	2023	2022
Interest expense on bank borrowings	\$ 40,982	\$ 17,977
Lease liability	4,260	1,780
	<u>\$ 45,242</u>	<u>\$ 19,757</u>

(25) Expenses by nature

	Three months ended September 30, 2023		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 3,637	\$ 312,302	\$ 315,939
Share-based payments	57	11,008	11,065
Labour and health insurance fees	277	17,054	17,331
Pension costs	160	11,612	11,772
Other personnel expenses	139	9,648	9,787
	<u>\$ 4,270</u>	<u>\$ 361,624</u>	<u>\$ 365,894</u>
Depreciation charges	<u>\$ 4,208</u>	<u>\$ 41,961</u>	<u>\$ 46,169</u>
Amortisation charges	<u>\$ 30</u>	<u>\$ 66,704</u>	<u>\$ 66,734</u>

Three months ended September 30, 2022			
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 3,117	\$ 291,564	\$ 294,681
Share-based payments	126	12,740	12,866
Labour and health insurance fees	263	16,765	17,028
Pension costs	159	13,009	13,168
Other personnel expenses	108	10,946	11,054
	<u>\$ 3,773</u>	<u>\$ 345,024</u>	<u>\$ 348,797</u>
Depreciation charges	<u>\$ 3,395</u>	<u>\$ 40,866</u>	<u>\$ 44,261</u>
Amortisation charges	<u>\$ 27</u>	<u>\$ 28,120</u>	<u>\$ 28,147</u>

Nine months ended September 30, 2023			
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 9,765	\$ 868,946	\$ 878,711
Share-based payments	285	33,625	33,910
Labour and health insurance fees	869	53,494	54,363
Pension costs	486	36,592	37,078
Other personnel expenses	341	28,211	28,552
	<u>\$ 11,746</u>	<u>\$ 1,020,868</u>	<u>\$ 1,032,614</u>
Depreciation charges	<u>\$ 14,259</u>	<u>\$ 127,776</u>	<u>\$ 142,035</u>
Amortisation charges	<u>\$ 88</u>	<u>\$ 197,684</u>	<u>\$ 197,772</u>

Nine months ended September 30, 2022			
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 3,117	\$ 685,069	\$ 688,186
Share-based payments	126	12,740	12,866
Labour and health insurance fees	263	38,865	39,128
Pension costs	159	27,873	28,032
Other personnel expenses	108	23,731	23,839
	<u>\$ 3,773</u>	<u>\$ 788,278</u>	<u>\$ 792,051</u>
Depreciation charges	<u>\$ 3,881</u>	<u>\$ 87,569</u>	<u>\$ 91,450</u>
Amortisation charges	<u>\$ 27</u>	<u>\$ 45,133</u>	<u>\$ 45,160</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 1% for directors' remuneration. However, if the Company has accumulated losses, earnings should be reserved to cover losses first. The aforementioned employees' compensation can be distributed in the form of shares or cash. The employees that the Company shall distribute employees' compensation include the employees of subsidiaries who meet the requirements prescribed by the Board of Directors. The directors' remuneration can only be distributed in the form of cash.
- B. For the nine months ended September 30, 2023 and 2022, the Company incurred loss before tax and thus did not accrue and distribute employees' compensation and directors' remuneration.
- C. In accordance with the Articles of Incorporation, on March 29, 2023, the Board of Directors resolved not to distribute directors' remuneration and employees' compensation due to the loss for the year ended December 31, 2022.
- D. Information about directors' remuneration and employees' compensation of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

- A. Components of income tax expense:

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on loss for the period	(\$ 1,644)	(\$ 46,393)
Current withholding tax on foreign profits for the period	3,049	359
Prior year income tax under estimation	<u>2,637</u>	<u>-</u>
Total current tax	<u>4,042</u>	<u>(46,034)</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>(7,537)</u>	<u>-</u>
Total deferred tax	<u>(7,537)</u>	<u>-</u>
Income tax benefit	<u>(\$ 3,495)</u>	<u>(\$ 46,034)</u>

	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the period	\$ 1,115	(\$ 80,171)
Tax on undistributed surplus earnings	1,920	162,049
Current withholding tax on foreign profits for the period	3,049	1,133
Prior year income tax over estimation	(23,106)	(880)
Total current tax	<u>(17,022)</u>	<u>82,131</u>
Deferred tax:		
Origination and reversal of temporary differences	(70,045)	-
Total deferred tax	<u>(70,045)</u>	<u>-</u>
Income tax (benefit) expense	<u>(\$ 87,067)</u>	<u>\$ 82,131</u>

B. The assessed and approved status of the Company's income tax returns is as follows:

	<u>Assessed and approved status</u>
EGIS TECHNOLOGY INC.	Assessed and approved through 2021

(27) Loss per share

	<u>Three months ended September 30, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ <u>232,394</u>)	<u>74,272</u>	(\$ <u>3.13</u>)
	<u>Three months ended September 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ <u>251,926</u>)	<u>69,272</u>	(\$ <u>3.64</u>)

Nine months ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 495,220)	71,799	(\$ 6.90)

Nine months ended September 30, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 578,970)	69,272	(\$ 8.36)

(28) Non-controlling interest

	2023	2022
At January 1	\$ 3,631,770	\$ 12,135
Share attributable to non-controlling interest:		
(Loss) profit	(155,559)	16,771
Currency translation differences	2,828	5,521
Unrealised gains on valuation of financial assets measured at fair value through other comprehensive income (loss)	74,531	(16,545)
Remeasurements of defined benefit plans	348	-
Increase in non-controlling interests (Note 1)	1,008,949	3,667,821
Decrease in non-controlling interests (Note 2)	(142,193)	-
At September 30	<u>\$ 4,420,674</u>	<u>\$ 3,685,703</u>

Note 1: The increase in non-controlling interest mainly pertains to the merger with Transducer Star and AlgolTek, the Company acquiring restricted stocks issued by the subsidiaries, Syncomm, Alcorlink and ENE, proportionally to its interest and recognising the relevant compensation cost and the compensation cost of treasury shares repurchased and transferred to employees.

Note 2: The decrease in non-controlling interest mainly pertains to the distribution of cash dividends by the subsidiaries, Alcor, ENE, Syncomm and AlgolTek, for the nine months ended September 30, 2023.

(29) Supplemental cash flow information

Investing activities with partial cash payments

	Nine months ended September 30	
	2023	2022
Purchase of property, plant and equipment	\$ 71,770	\$ 27,644
Add: Opening balance of payable on equipment	4,340	-
Ending balance of prepayments	-	-
Less: Ending balance of payable on equipment	(10,881)	-
Cash paid during the period	<u>\$ 65,229</u>	<u>\$ 27,644</u>

	Nine months ended September 30	
	2023	2022
Purchase of intangible assets	\$ 253,085	\$ 45,599
Add: Opening balance of payables	47,344	-
Ending balance of prepayments	34,156	-
Less: Opening balance of prepayments	(27,856)	-
Ending balance of payables	(169,382)	-
Cash paid during the period	<u>\$ 137,347</u>	<u>\$ 45,599</u>

	Nine months ended September 30	
	2023	2022
Disposal of financial assets at fair value through other comprehensive income	\$ 37,533	\$ -
Add: Opening balance of receivables	-	-
Less: Ending balance of receivables	(30,033)	-
Cash received during the period	<u>\$ 7,500</u>	<u>\$ -</u>

(30) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Other non-current liabilities
At January 1, 2023	\$ 1,238,584	\$ 1,697,336	\$ 190,595	\$ 15,451
Changes in cash flow from financing activities	15,416	(363,636)	(69,193)	(1,582)
Changes in acquisition of subsidiaries	-	-	25,864	-
Changes in other non-cash items	-	-	140,535	-
At September 30, 2023	<u>\$ 1,254,000</u>	<u>\$ 1,333,700</u>	<u>\$ 287,801</u>	<u>\$ 13,869</u>

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Other non- current liabilities
At January 1, 2022	\$ 100,000	\$ 850,000	\$ 119,689	\$ -
Changes in cash flow from financing activities	790,000	860,382	(45,687)	3,165
Changes in acquisition of subsidiaries	150,000	7,273	67,869	-
Changes in other non-cash items	-	-	72,436	-
At September 30, 2022	<u>\$ 1,040,000</u>	<u>\$ 1,717,655</u>	<u>\$ 214,307</u>	<u>\$ 3,165</u>

(31) Business combinations

A. Considering AlgoTek's and Alcorlink's future long-term development needs, in accordance with the regulations of the Enterprise Merger and Acquisition Act, AlgoTek exchanged shares with the shareholders of Alcorlink by issuing new shares as consideration, and acquired 100% equity interest in Alcorlink. The effective date was set on April 1, 2023. The Group held 31.81% equity interest in AlgoTek after the transaction, and was the single major shareholder of AlgoTek. The Group had the ability to exercise significant influence over AlgoTek's operations and had substantial control based on the assessment of the degree of active participation of other shareholders in AlgoTek's past shareholders' meetings. After the comprehensive assessment, the merger is a reverse merger. Thus, AlgoTek was included in the Group's consolidated financial statements since April 1, 2023.

- (a) The following table summarises the fair values of the assets acquired and liabilities assumed from the combination of AlgoTek at the acquisition date:

	<u>April 1, 2023</u>
Purchase consideration	
Fair value of equity interest in AlgoTek held before the business combination	\$ 449,229
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	<u>567,916</u>
	<u>1,017,145</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	194,586
Current financial assets at fair value through profit or loss	52,626
Current financial assets at amortised cost	362,200
Accounts receivable, net	11,482
Inventories	107,732
Prepayments and other current assets	14,291
Property, plant and equipment	41,895
Right-of-use assets	25,864
Intangible assets	52,470
Investments accounted for using the equity method	40,405
Non-current financial assets at amortised cost	1,000
Deferred tax assets	4,035
Other non-current assets	12,824
Accounts payable	(14,938)
Other payables	(37,606)
Current tax liabilities	(3,635)
Lease liabilities	(25,864)
Other current liabilities	(1,323)
Deferred tax liabilities	(6,893)
Total identifiable net assets	<u>831,151</u>
Goodwill	<u>\$ 185,994</u>

Note: The allocation of acquisition price was completed in the third quarter of 2023.

- (b) The Group recognised a gain of \$61,035, shown as 'other gains and losses', as a result of measuring at fair value its 20.08% equity interest in AlgoTek held before the business combination.

- (c) The operating revenue included in the consolidated statement of comprehensive income since April 1, 2023 contributed by AlgolTek was \$68,929. AlgolTek also contributed loss before income tax of (\$167,158) over the same period. Had AlgolTek been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of \$2,777,194 and loss before income tax of (\$763,254) for the nine months ended September 30, 2023.
- B. On February 24, 2023, the Group acquired 85.58% equity interest in Transducer Star Technology Inc. at \$21,900 in cash, and obtained control over Transducer Star.
- (a) The following table summarises the fair values of the assets acquired and liabilities assumed from the combination of Transducer Star at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	<u>February 24, 2023</u>
Purchase consideration	
Cash	\$ 21,900
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	<u>2,821</u>
	<u>24,721</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	10,065
Prepayments	625
Property, plant and equipment	312
Intangible assets	10,395
Other non-current assets	6
Other payables	(1,682)
Other current liabilities	<u>(159)</u>
Total identifiable net assets	<u>19,562</u>
Goodwill	<u>\$ 5,159</u>

Note: The allocation of acquisition price was completed in the second quarter of 2023.

- (b) The operating revenue included in the consolidated statement of comprehensive income since February 24, 2023 contributed by Transducer Star was \$0. Transducer Star also contributed loss before income tax of (\$7,891) over the same period. Had Transducer Star been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of \$ 2,721,841 and loss before income tax of (\$740,702) for the nine months ended September 30, 2023.
- C. The Group is the single largest shareholder of Alcor. Based on the Group's attendance at the shareholders' meeting of Alcor on June 15, 2022, the result of the reelection of Alcor's board of directors and given that the Group entered into an effective agreement with other major shareholders of Alcor on July 11, 2022, the Group has obtained a majority of voting rights in its Board of Directors. As the Group was assessed to have the ability to direct the relevant activities of Alcor, the Group included Alcor in its consolidated financial statements from July 11, 2022.

(Blank)

- (a) The following table summarises the fair values of the assets acquired and liabilities assumed from the combination of Alcor at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	<u>July 11, 2022</u>
Purchase consideration	
Fair value of equity interest in Alcor held before the business combination	\$ 707,000
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	<u>3,662,988</u>
	<u>4,369,988</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1,261,522
Current financial assets at fair value through profit or loss	861,751
Current financial assets at fair value through other comprehensive income	29,957
Current financial assets at amortised cost	599,138
Accounts receivable, net	326,290
Other receivables, net	29,288
Inventories	634,430
Prepayments	70,815
Other current assets	3,929
Non-current financial assets at fair value through other comprehensive income	490,999
Non-current financial assets at amortised cost	22,929
Investments accounted for using the equity method	239,867
Property, plant and equipment	58,171
Right-of-use assets	67,953
Intangible assets	581,098
Deferred tax assets	16,792
Other non-current assets	109,312
Short-term borrowings	(150,000)
Notes payable	(20,721)
Accounts payable	(324,373)
Other payables	(409,797)
Other current liabilities	(27,286)
Deferred tax liabilities	(109,329)
Lease liabilities	<u>(67,869)</u>
Total identifiable net assets	<u>4,294,866</u>
Goodwill	<u>\$ 75,122</u>

Note: The allocation of acquisition price was completed in the fourth quarter of 2022.

- (b) The Group recognised a loss of \$35,563 shown as ‘other gains and losses’ as a result of measuring at fair value its 22.16% equity interest in Alcor held before the business combination.
- (c) The operating revenue included in the consolidated statement of comprehensive income since July 11, 2022 contributed by Alcor was \$392,728. Alcor also contributed profit before income tax of \$23,732 over the same period. Had Alcor been consolidated from January 1, 2022, the consolidated statement of comprehensive income would show operating revenue and loss before income tax for the first three quarters of 2022 of \$3,267,197 and (\$354,248), respectively.
- (d) The fair value of the identified assets and goodwill that the Group acquired due to the merger with Alcor was determined in the fourth quarter of 2022. Accordingly, the comparative information for the third quarter of 2022 was retrospectively adjusted in the third quarter of 2023. Among them, the fair value of intangible assets (excluding goodwill) and deferred tax liabilities increased by \$305,595 and \$60,887, respectively, and the fair value of relative goodwill decreased by \$127,774 at the acquisition date.

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Alcor Micro, Corp. (Alcor)	Subsidiary (Note 1)
AlgoITek, Inc. (AlgoITek)	Subsidiary (Note 2)
iCatch Technology Inc. (iCatchtek)	Associate - investee company accounted for using the equity method
Terawins, Inc. (Terawins)	Associate - investee company accounted for using the equity method
SCT Holdings Ltd. (SCT Ltd.)	Associate - investee company accounted for using the equity method
Mr. MING-DUO, YU	The director of the Company (Note 3)
May Sun Technology Co., Ltd. (May Sun)	Other related party

Note 1: Alcor became a subsidiary from an associate since July 11, 2022.

Note 2: AlgoITek became a subsidiary from an associate since April 1, 2023.

Note 3: Mr. MING-DUO, YU resigned as the director of the Company after the reelection of directors at the shareholders’ general meeting on June 21, 2023.

(2) Significant related party transactions

A. Operating revenue

	Three months ended September 30	
	2023	2022
Sales of services:		
AlgoITek	\$ -	\$ 1,330
	Nine months ended September 30	
	2023	2022
Sales of services:		
AlgoITek	\$ 1,811	\$ 1,330
Terawins	243	-
SCT Ltd.	3,452	-
	<u>\$ 5,506</u>	<u>\$ 1,330</u>

The sales of services by the Group to related parties mainly pertain to technical service revenue and licensing revenue. The transaction prices were negotiated by both parties and the collection terms were the same as those of non-related parties.

B. Technical service expenditures

	Three months ended September 30	
	2023	2022
Purchases of services:		
iCatchtek	\$ -	\$ 18,541
Technology licensing:		
May Sun	3,200	-
	<u>\$ 3,200</u>	<u>\$ 18,541</u>
	Nine months ended September 30	
	2023	2022
Purchases of services:		
iCatchtek	\$ 1,517	\$ 37,965
Technology licensing:		
May Sun	3,200	-
	<u>\$ 4,717</u>	<u>\$ 37,965</u>

For the purchases of services and technology licensing from related parties, the transaction prices were negotiated by both parties and the payment term was 30 days.

C. Accounts receivable due from related parties

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable:			
SCT Ltd.	\$ 2,306	\$ -	\$ -
iCatchtek	1,237	-	-
AlgoITek	-	4,098	489
	<u>\$ 3,543</u>	<u>\$ 4,098</u>	<u>\$ 489</u>
Other receivables:			
SCT Ltd.	\$ 100,507	\$ 82,360	\$ -
	<u>\$ 104,050</u>	<u>\$ 86,458</u>	<u>\$ 489</u>

The receivables from related parties arise mainly from provision of services and purchasing inventories on behalf of associates. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
May Sun	\$ 1,680	\$ -	\$ -
iCatchtek	-	7,320	20,995
AlgoITek	-	44	-
	<u>\$ 1,680</u>	<u>\$ 7,364</u>	<u>\$ 20,995</u>

The other payables to related parties arise mainly from technical service expenditures.

E. Receipt in advance (shown as 'other current liabilities')

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
AlgoITek	\$ -	\$ 3,243
iCatchtek	1,165	-
	<u>\$ 1,165</u>	<u>\$ 3,243</u>

F. Property transactions - acquisition of subsidiaries' equity interest

On February 24, 2023, the Group purchased 200 thousand shares of Transducer Star from Mr. MING-DUO, YU with a price of NT\$10 (in dollars) per share. The transaction price was \$2,000.

(3) Key management compensation

	Three months ended September 30	
	2023	2022
Short-term employee benefits	\$ 22,246	\$ 24,487
Post-employment benefits	454	612
Termination benefits	330	
Share-based payments	2,364	1,007
	<u>\$ 25,394</u>	<u>\$ 26,106</u>

	Nine months ended September 30	
	2023	2022
Short-term employee benefits	\$ 72,928	\$ 94,275
Post-employment benefits	1,557	1,238
Termination benefits	330	-
Share-based payments	5,742	1,007
	<u>\$ 80,557</u>	<u>\$ 96,520</u>

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value			Purpose
	September 30, 2023	December 31, 2022	September 30, 2022	
Pledged time deposits (recorded as current financial assets at amortised cost)	\$ 285,617	\$ 256,454	\$ 220,689	Note 1
Pledged time deposits (recorded as non-current financial assets at amortised cost)	7,462	8,144	8,837	Note 2
Non-current financial assets at fair value through other comprehensive income	917,384	893,637	889,887	Note 3
Guarantee deposits paid (recorded as other current assets)	12,119	30,710	31,750	Note 4
	<u>\$ 1,222,582</u>	<u>\$ 1,188,945</u>	<u>\$ 1,151,163</u>	

Note 1: Guarantee for short-term bank borrowings.

Note 2: Guarantee for bank performance and customs duties on imported raw materials.

Note 3: Guarantee for long-term bank borrowings.

Note 4: Guarantee for purchases of raw materials and supplies. Refer to Note 6(6) for details.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

- A. Shenzhen Goodix Technology Co., Ltd. (Goodix) has filed a complaint for patent infringement with the Beijing Intellectual Property Court against the Company in July 2020, wherein it requested the Company to pay compensation amounting to RMB 50.5 million. The Company received the decision in favour of the Company from the Beijing Intellectual Property Court on July 1, 2023 and the Beijing Intellectual Property Court refuted all of Goodix's claims. The Company subsequently received a notice of appeal from Goodix on July 25, 2023; however, the Supreme People's Court has not yet accepted it. The ultimate outcome of the complaint is presently undeterminable. Management is of the opinion that the complaint will have no immediate material negative effect on the Group's operating and finance activities.
- B. Goodix has filed a complaint for patent infringement with the Fuzhou Intermediate People's Court against the Company in March 2021, wherein it requested the Company to pay compensation amounting to RMB 50.5 million. The Company received the decision from Fuzhou Intermediate People's Court on December 30, 2022 stating that the Company has committed patent infringement. The Company filed an appeal on January 16, 2023 with the Supreme People's Court. The ultimate outcome of the complaint is presently undeterminable. Management is of the opinion that the complaint will have no immediate material negative effect on the Group's operating and finance activities.

(2) Commitments

- A. A subsidiary of the Group, ENE Technology Inc., entered into contracts for the licensing of software with another company. As of September 30, 2023, the purchases contracted but not yet paid amounted to \$22,500.
- B. The Group entered into a long-term contract with suppliers which stipulates the related periods covered and minimum amount or quantity that the Group needs to purchase from suppliers.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- (1) On October 24, 2023, the Board of Directors of the Group's subsidiary, Alcor, resolved to acquire 62% equity interest in StarRiver Semiconductor Corp. at \$715,240 in cash (consisting of 3,057 thousand shares at NT\$234 per share), thereby obtaining control over StarRiver Semiconductor Corp.
- (2) On November 3, 2023, the Board of Directors of the Group's subsidiary, Alcorlink, resolved to conduct a capital reduction in the amount of \$273,291. After the transaction, the paid-in capital will be \$20,570 and the capital reduction ration will be 93%. Each shareholder will get a refund of NT\$9.3 per share and the effective date of the capital reduction was November 11, 2023.

12. Others

(1) Capital management

There was no significant change in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022.

(2) Financial instruments

A. Financial instruments by category

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Financial assets at fair value through profit or loss (Note 1)	\$ 1,841,543	\$ 1,900,156	\$ 2,138,280
Financial assets at fair value through other comprehensive income (Note 2)	\$ 2,214,956	\$ 1,960,600	\$ 1,991,108
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,735,387	\$ 1,544,842	\$ 1,538,188
Financial assets at amortised cost (Note 3)	919,109	733,602	655,172
Accounts receivable (including related parties)	690,254	604,968	538,469
Other receivables (including related parties)	143,318	93,058	113,562
Guarantee deposits paid	21,824	54,435	56,559
	<u>\$ 3,509,892</u>	<u>\$ 3,030,905</u>	<u>\$ 2,901,950</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 1,254,000	\$ 1,238,584	\$ 1,040,000
Accounts payable	318,803	243,915	369,286
Long-term borrowings (including current portion)	1,333,700	1,697,336	1,717,655
Other payables (including related parties)	629,892	697,657	582,030
Refund liabilities	75,369	89,376	68,692
Guarantee deposits received	724	724	724
	<u>\$ 3,612,488</u>	<u>\$ 3,967,592</u>	<u>\$ 3,778,387</u>
Lease liabilities	<u>\$ 287,801</u>	<u>\$ 190,595</u>	<u>\$ 214,307</u>

Note 1: Refers to financial assets mandatorily measured at fair value through profit or loss.

Note 2: Refers to investments in equity and debt instruments (including non-current).

Note 3: Refers to financial assets at amortised cost (including non-current).

B. Financial risk management policies

There was no significant change in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; the subsidiaries' functional currency: NTD, RMB, KRW and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	September 30, 2023				
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)	<u>Sensitivity analysis</u>	
				Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 49,741	32.27	\$ 1,605,142	1%	\$ 16,051
<u>Non-monetary items</u>					
USD:NTD	27,785	32.27	896,631		
SEK:NTD	6,574	2.95	19,394		
<u>Effect from net assets of consolidated entities measured at foreign currency</u>					
USD:NTD	3,163	32.27	102,055		
RMB:NTD	10,142	4.42	44,828		
RMB:USD	6,087	7.31	26,873		
KRW:NTD	1,349,050	0.02	26,981		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	18,086	32.27	583,635	1%	5,836

December 31, 2022					
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 50,104	30.71	\$ 1,538,694	1%	\$ 15,387
<u>Non-monetary items</u>					
USD:NTD	31,422	30.71	964,965		
SEK:NTD	22,718	2.94	66,792		
<u>Effect from net assets of consolidated entities measured at foreign currency</u>					
USD:NTD	4,800	30.71	147,396		
RMB:USD	11,487	6.97	50,634		
KRW:NTD	1,358,550	0.02	27,171		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	16,705	30.71	513,011	1%	5,130
September 30, 2022					
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 44,770	31.75	\$ 1,421,448	1%	\$ 14,214
<u>Non-monetary items</u>					
USD:NTD	29,337	31.75	931,450		
<u>Effect from net assets of consolidated entities measured at foreign currency</u>					
USD:NTD	15,154	31.75	481,130		
RMB:USD	11,617	6.61	51,963		
RMB:NTD	8,812	6.61	58,247		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	16,227	31.75	515,207	1%	5,152

The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the three months and nine months ended September 30, 2023 and 2022, amounted to \$40,035, \$73,138, \$63,621 and \$162,070, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise open-end funds. The prices of equity securities would change due to the change of the future value of investee companies. Additionally, the unlisted equity securities and convertible bonds were held for strategic investment, thus the Company did not actively transact such investments. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the nine months ended September 30, 2023 and 2022 would have increased/decreased by \$73,662 and \$85,531, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$88,598 and \$79,644, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. On September 30, 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in New Taiwan Dollars and US Dollars.
- ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, loss, net of tax for the nine months ended September 30, 2023 and 2022 would have increased/decreased by \$15,526 and \$16,546, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a certain grade are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 - (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - (ii) If any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.
- iv. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The default occurs when the contract payments are past due over 90 days.
- vi. The Group classifies customer's accounts receivable in consideration of credit risk on trade. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.
- vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- viii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

- ix. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, which was insignificant As of September 30, 2023 and 2022.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's covenant compliance and compliance with internal balance sheet ratio targets.
- ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	September 30, 2023	
	Less than a year	Over a year
<u>Non-derivative financial liabilities:</u>		
Short-term borrowings	\$ 1,257,141	\$ -
Accounts payable	318,803	-
Other payables (including related parties)	629,892	-
Lease liabilities	85,464	204,003
Long-term borrowings (including current portion)	434,901	980,451

	December 31, 2022	
	Less than a year	Over a year
<u>Non-derivative financial liabilities:</u>		
Short-term borrowings	\$ 1,238,584	\$ -
Accounts payable	243,915	-
Other payables (including related parties)	697,657	-
Lease liabilities	66,794	126,634
Long-term borrowings (including current portion)	457,466	1,342,489

	September 30, 2022	
	Less than a year	Over a year
<u>Non-derivative financial liabilities:</u>		
Short-term borrowings	\$ 1,041,099	\$ -
Accounts payable	369,286	-
Other payables (including related parties)	582,030	-
Lease liabilities	76,294	141,248
Long-term borrowings (including current portion)	392,425	1,417,252

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in certain beneficiary certificates, certain financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in principal guaranteed notes and bank debentures is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in certain beneficiary certificates, hybrid instrument, certain financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is included in Level 3.

B. Financial instruments not measured at fair value:

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, accounts payable, short-term borrowings, other payables (including related parties), lease liabilities, long-term borrowings (including current portion) and guarantee deposits received) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 708,849	\$ -	\$ 183,911	\$ 892,760
Equity instruments	486,106	-	105,662	591,768
Principal guaranteed notes	-	120,723	-	120,723
Convertible bonds	10,900	-	158,478	169,378
Unlisted private equity fund	-	-	66,914	66,914
Financial assets at fair value through other comprehensive income				
Equity instruments	1,114,692	-	1,065,406	2,180,098
Debt instruments	34,858	-	-	34,858
	<u>\$ 2,355,405</u>	<u>\$ 120,723</u>	<u>\$ 1,580,371</u>	<u>\$ 4,056,499</u>
December 31, 2022				
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 886,820	\$ -	\$ 73,880	\$ 960,700
Equity instruments	409,247	-	171,431	580,678
Principal guaranteed notes	-	120,249	-	120,249
Convertible bonds	-	-	177,473	177,473
Unlisted private equity fund	-	-	61,056	61,056
Financial assets at fair value through other comprehensive income				
Equity instruments	975,273	-	958,628	1,933,901
Debt instruments	26,699	-	-	26,699
	<u>\$ 2,298,039</u>	<u>\$ 120,249</u>	<u>\$ 1,442,468</u>	<u>\$ 3,860,756</u>

	September 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 1,145,701	\$ -	\$ 44,086	\$ 1,189,787
Equity instruments	407,012	-	167,228	574,240
Principal guaranteed notes	-	120,282	-	120,282
Convertible bonds	-	-	189,293	189,293
Unlisted private equity fund	-	-	64,678	64,678
Financial assets at fair value through other comprehensive income				
Equity instruments	905,060	-	925,697	1,830,757
Debt instruments	160,351	-	-	160,351
	<u>\$ 2,618,124</u>	<u>\$ 120,282</u>	<u>\$ 1,390,982</u>	<u>\$ 4,129,388</u>

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Stocks</u>	<u>Closed-end fund</u>	<u>Open-end fund</u>	<u>Corporate bond</u>
Market quoted price	Closing price	Closing price	Net asset value	Ex-dividend quoted price

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by reference to counterparty quotes.

(c) If one or more of the significant inputs are not obtained based on observable market data, the financial instruments are included in level 3.

E. The fair value of the Group's principal guaranteed notes and bank debentures is included in Level 2.

F. For the nine months ended September 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.

G. The following chart is the movement of Level 3 for the nine months ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	Non-derivative instrument	Non-derivative instrument
At January 1	\$ 1,442,468	\$ 877,953
Business combinations	-	579,420
Gains recognised in profit or loss	44,832	29,941
Gains (losses) recognised in other comprehensive income	259,260 (117,726)
Acquired during the period	72,044	366,851
Disposed during the period	(37,533) (348,669)
Proceeds from capital reduction	(40,663)	-
Transfers out from level 3	(163,528)	-
Effect of exchange rate changes	723	3,212
Others	2,768	-
At September 30	<u>\$ 1,580,371</u>	<u>\$ 1,390,982</u>

H. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 601,998	Market comparable companies	Price to book ratio multiple	1.74-41.21	The higher the multiple and control premium, the higher the fair value.
		Discounted cash flow/Option pricing model	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
"	85,595	Discounted cash flow	Discount for lack of marketability	15%~30.43%	The higher the discount for lack of marketability, the lower the fair value.
			Discount for lack of control	32.11%	The higher the discount for lack of control, the lower the fair value.
"	74,945	Most recent non-active market price	Not applicable	Not applicable	Not applicable.
Venture capital shares	408,530	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Private equity fund investment	111,995	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Private equity fund	138,830	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Convertible bonds	158,478	Discounted cash flow	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 667,614	Discounted cash flow/Option pricing model	Discount for lack of marketability and price to book ratio multiple	30%	The higher the discount for lack of marketability, the lower the fair value.
		Market comparable companies	Price to book ratio multiple	1.64~23.21	The higher the multiple and control premium, the higher the fair value.
"	81,457	Discounted cash flow	Discount for lack of marketability	15%-30.43%	The higher the discount for lack of marketability, the lower the fair value.
			Discount for lack of control	32.11%	The higher the discount for lack of control, the lower the fair value.
"	74,223	Most recent non-active market price	Not applicable	Not applicable	Not applicable.
Venture capital shares	306,765	Net asset value	Net asset value	"	The higher the net asset value, the higher the fair value.
Private equity fund	12,460	"	"	"	"
Private placement shares	122,476	"	"	"	"
Convertible bonds	177,473	Discounted cash flow	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.

	Fair value at September 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 618,323	Market comparable companies	Price to book ratio multiple	1.70~22.87	The higher the multiple and control premium, the higher the fair value.
		Discounted cash flow/Option pricing model	Discount for lack of marketability and price to book ratio multiple	30%	The higher the discount for lack of marketability, the lower the fair value.
"	91,122	Discounted cash flow	Discount for lack of marketability	20.00%-33.35%	The higher the discount for lack of marketability, the lower the fair value.
"			Discount for lack of control	32.11%	The higher the discount for lack of control, the lower the fair value.
"	74,704	Most recent non-active market	Not applicable	Not applicable	Not applicable.
Venture capital shares	352,862	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Private equity fund					
Private placement shares	64,678	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Convertible bonds	189,293	Discounted cash flow	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			September 30, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ 1,057	(\$ 1,057)	\$ 4,963	(\$ 4,963)
Equity instrument	Discount for lack of marketability	±1%	-	-	324	(322)
Equity instrument	Discount for lack of control	±1%	-	-	392	(390)
Debt instrument	Discount for lack of marketability	±1%	1,585	(1,585)	-	-
December 31, 2022						
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ 1,714	(\$ 1,714)	\$ 4,962	(\$ 4,962)
Equity instrument	Discount for lack of marketability	±1%	-	-	319	(317)
Equity instrument	Discount for lack of control	±1%	-	-	386	(384)
Debt instrument	Discount for lack of marketability	±1%	1,775	(1,775)	-	-
September 30, 2022						
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ 1,672	(\$ 1,672)	\$ 4,511	(\$ 4,511)
Equity instrument	Discount for lack of marketability	±1%	-	-	423	(409)
Equity instrument	Discount for lack of control	±1%	-	-	438	(423)
Debt instrument	Discount for lack of marketability	±1%	1,893	(1,893)	-	-

- (4) The fair value of identified assets and goodwill changed since the Group acquired Alcor in July 2022, and the recognised provisional amount at the acquisition date was retrospectively adjusted during the measurement period. Accordingly, the adjustments on the affected items in the balance sheet as of September 30, 2022 were as follows:

<u>Affected items in the balance sheet</u>	<u>September 30, 2022</u>		
	<u>Unadjusted</u>	<u>Adjusted amount</u>	<u>Adjustment</u>
Identifiable intangible assets	\$ 470,191	\$ 305,595	\$ 775,786
Goodwill	202,896	(127,774)	75,122
Total affected items in assets	<u>\$ 673,087</u>	<u>\$ 177,821</u>	<u>\$ 850,908</u>
Deferred tax liabilities	\$ 50,355	\$ 60,887	\$ 111,242
Non-controlling interests	3,568,769	116,934	3,685,703
Total affected items in liabilities and equity	<u>\$ 3,619,124</u>	<u>\$ 177,821</u>	<u>\$ 3,796,945</u>

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Refer to table 2.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.
- I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2).
- J. Significant inter-company transactions during the reporting period: Refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Note 13(1)10.

(4) Major shareholders information

Refer to table 7.

14. Segment Information

(1) General information

The Group has two reportable operating segments: Egis and its subsidiaries are primarily engaged in the research, development, design and sales of biometric application software and hardware; and Alcor and its subsidiaries are primarily engaged in the research, development, design and sales of USB control chip. The chief operating decision-maker of the Group uses overall operating results as the basis of performance assessment and identified that the Group has two reportable operating segments.

<u>Three months ended September 30, 2023</u>	<u>Egis and its subsidiaries</u>	<u>Alcor and its subsidiaries</u>	<u>Total</u>
Total segment revenue	<u>\$ 482,765</u>	<u>\$ 463,783</u>	<u>\$ 946,548</u>
Segment loss	<u>(\$ 216,411)</u>	<u>(\$ 94,458)</u>	<u>(\$ 310,869)</u>

<u>Three months ended September 30, 2022</u>	<u>Egis and its subsidiaries</u>	<u>Alcor and its subsidiaries</u>	<u>Total</u>
Total segment revenue	<u>\$ 402,375</u>	<u>\$ 392,728</u>	<u>\$ 795,103</u>
Segment (loss) income	<u>(\$ 300,157)</u>	<u>\$ 23,732</u>	<u>(\$ 276,425)</u>

<u>Nine months ended September 30, 2023</u>	<u>Egis and its subsidiaries</u>	<u>Alcor and its subsidiaries</u>	<u>Total</u>
Total segment revenue	<u>\$ 1,412,712</u>	<u>\$ 1,309,129</u>	<u>\$ 2,721,841</u>
Segment loss	<u>(\$ 522,269)</u>	<u>(\$ 215,577)</u>	<u>(\$ 737,846)</u>

<u>Nine months ended September 30, 2022</u>	<u>Egis and its subsidiaries</u>	<u>Alcor and its subsidiaries</u>	<u>Total</u>
Total segment revenue	<u>\$ 2,050,628</u>	<u>\$ 392,728</u>	<u>\$ 2,443,356</u>
Segment (loss) income	<u>(\$ 503,800)</u>	<u>\$ 23,732</u>	<u>(\$ 480,068)</u>

(2) Measurement of segment information

- A. Segment income (loss) of the Group is measured using the pre-tax operating margin and is used as a basis for performance assessment. The accounting policies and accounting estimates of operating segment are in agreement with the summary of significant accounting policies and the critical accounting estimates and assumptions described in Notes 4 and 5.
- B. The revenue (excluding revenue from transactions of other operating segments in the entities), income (loss) and financial information from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.
- C. The amounts provided to the chief operating decision maker with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements.

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EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of September 30, 2023				Footnote
					No. of shares (in thousands)	Book value	Ownership (%)	Fair value	
EGIS TECHNOLOGY INC.	Stock	Gingy Technology Inc.	None	Note 4	33	\$ 117	0.45%	\$ 117	
"	"	Integrated Digital Technologies, Inc.	"	"	4,000	-	13.96%	-	
"	"	AIStorm, Inc.	"	"	5,211	117,403	19.45%	117,403	
"	"	MEMS DRIVE INC.	"	"	188	3,929	2.87%	3,929	
"	"	ION ELECTRONIC MATERIALS CO., LTD.	"	"	1,300	163,528	3.94%	163,528	
"	"	Astrogate Inc.	"	"	1,000	1,432	15.63%	1,432	
"	"	Calumino Pty Ltd.	"	"	1,011	9,034	2.76%	9,034	
"	"	Gallopwave Inc.	"	"	3,125	20,632	4.06%	20,632	
"	"	xMEMS Labs, Inc.,	"	"	1,003	10,202	0.84%	10,202	
"	"	Attopsemi Technology Co., Ltd.	"	"	500	129,256	4.43%	129,256	
"	"	CyteSi, Inc.,	"	"	163	4,768	1.40%	4,768	
"	"	Silicon Optronics, Inc.	"	"	12,641	927,831	16.11%	927,831	
"	"	Augentix Inc.	"	"	1,050	89,250	5.31%	89,250	
"	Bonds	SOFTBK 4 07/06/26 (XS2361252971)	"	"	-	5,774	-	5,774	
"	Stock	BE Epitaxy Semiconductor Technology Co., Ltd.	"	Note 2	5,153	79,850	7.56%	79,850	
"	Beneficiary certificates	Dian-Te Gas Investment LP	"	"	-	85,905	67.32%	85,905	
"	Stock	Airoha Technology Corp.	"	"	560	319,654	0.38%	319,654	
"	"	JET OPTOELECTRONICS CO., LTD.	"	"	2,824	166,452	4.71%	166,452	
"	"	StarRiver Semiconductor Corp.	"	Note 4	404	70,576	7.27%	70,576	
"	"	Precise Biometrics AB	"	"	5,609	19,394	11.81%	19,394	
"	Funds	Vertex Growth (SG) LP	"	Note 2	-	48,260	-	48,260	
"	"	Vertex Growth II (SG) LP	"	"	-	9,236	-	9,236	
"	"	Vertex Venture (SG) SEA IV LP	"	"	-	9,418	-	9,418	
"	Beneficiary certificates	JAFCO Taiwan II Venture Capital Limited Partnership	"	"	-	2,701	-	2,701	
"	Stock	Sirius Wireless Pte. Ltd.	"	Note 1	10,020	15,012	8.01%	15,012	
"	Convertible bonds	Netlink Communication Inc. Convertible bonds	"	Note 2	-	158,478	-	158,478	
"	Stock	Gear Radio Limited	"	Note 4	1,733	39,737	4.02%	39,737	
"	"	Linkou Golf Club	"	Note 2	-	10,800	0.10%	10,800	
Alcor Micro, Corp.	Funds	Taishin 1699 Money Market Fund	"	Note 1	4,413	61,330	-	61,330	
"	"	PGIM Money Market Fund	"	"	1,016	16,464	-	16,464	
"	"	FSITC Taiwan Money Market Fund	"	"	2,268	35,582	-	35,582	
"	"	Eastspring Investments Well Pool Money Market Fund	"	"	2,191	30,504	-	30,504	
"	"	Allianz Global Investors Taiwan Money Market Fund	"	"	3,152	40,494	-	40,494	
"	"	CTBC Hwa-win Money Market Fund	"	"	5,739	64,726	-	64,726	

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of September 30, 2023				Footnote
					No. of shares (in thousands)	Book value	Ownership (%)	Fair value	
Alcor Micro, Corp.	Funds	PGIM Return Fund	None	Note 1	631	\$ 9,980	-	\$ 9,980	
"	"	Cathay US Premium Bond Fund	"	"	300	3,023	-	3,023	
"	"	Yuanta 2-10 Year Investment Grade Corporate Bond	"	"	606	6,127	-	6,127	
"	"	Nomura Global Financial Bond Fund	"	"	509	4,964	-	4,964	
"	"	Cathay 4-Year Maturity Developed Market Investment Grade Bond Fund	"	"	3,000	31,380	-	31,380	
"	"	Allianz Global Investors US Short Duration High Income Bond Fund	"	"	941	9,962	-	9,962	
"	"	Franklin Templeton SinoAm Global High Yield Bond Fund	"	"	884	10,292	-	10,292	
"	"	PGIM USD High Yield Bond Fund	"	"	1,564	15,226	-	15,226	
"	"	CTBC ESG Financial Multi-Asset Fund	"	"	1,000	10,577	-	10,577	
"	"	CTBC Growth Opportunities Multi-Asset Fund	"	"	1,000	9,918	-	9,918	
"	"	PineBridge Rate Response Multi-Asset Fund	"	"	1,500	15,152	-	15,152	
"	"	TCB GAMMA Quantitative Multi-Asset Fund	"	"	2,151	38,344	-	38,344	
"	"	PGIM Aggressive Growth ETF Fund of Funds	"	"	397	5,078	-	5,078	
"	"	Nomura Global Infrastructure Megatrend Fund USD	"	"	489	4,765	-	4,765	
"	"	PGIM Global New Supply Chain Fund-TWD(A)	"	"	200	1,750	-	1,750	
"	"	Yuanta Japan Leaders Equity Fund	"	"	500	4,875	-	4,875	
"	Principal protected note	President Securities Corporation Principal Guaranteed Note NO.75	"	"	-	30,240	-	30,240	
"	"	President Securities Corporation Principal Guaranteed Note NO.2455	"	"	-	30,207	-	30,207	
"	"	President Securities Corporation Principal Guaranteed Note NO.2529	"	"	-	30,141	-	30,141	
"	"	President Securities Corporation Principal Guaranteed Note NO.2543	"	"	-	30,135	-	30,135	
"	Convertible bonds	Topco Scientific CO., LTD. Convertible bonds	"	"	100	10,900	-	10,900	
"	Stock	Shin Kong Financial Holding Co.,Ltd. Preferred Shares A	"	Note 3	130	3,939	0.17%	3,939	
"	"	HUA VI VENTURE CAPITAL CORPORATION	"	Note 4	11	2,579	2.11%	2,579	
"	"	WK Venture Capital XI	"	"	11,996	324,988	15.38%	324,988	
"	"	WK Technology Fund IX II Ltd.	"	"	5,000	49,999	4.45%	49,999	
"	"	FOXFORTUNE TECHNOLOGY II VENTURES LIMITED	"	"	780	30,964	5.80%	30,964	

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of September 30, 2023				Footnote
					No. of shares (in thousands)	Book value	Ownership (%)	Fair value	
Alcor Micro, Corp.	Stock	Koodata Inc. Common Stock	None	Note 4	2,375	\$ 15,400	2.73%	\$ 15,400	
"	"	Koodata Inc. Preferred Stock	"	"	10,088	70,195	11.60%	70,195	
"	"	Helios Bioelectronics Inc.	"	"	14,300	60,000	10.49%	60,000	
"	Bonds	AT&T Inc.	"	Note 3	-	2,116	-	2,116	
"	Beneficiary certificates	Fuyou Venture Capital Co., Ltd	"	Note 2	-	23,389	-	23,389	
Alcorlink Corp.	Funds	Fuh Hwa Fund	"	Note 1	2,896	33,572	-	33,572	
"	Bonds	STANDARD CHARTERED PLC.	"	Note 5	-	28,481	-	28,454	
"	"	ORCL 4 07/15/46	"	Note 6	-	9,325	-	9,324	
Syncomm Technology Corp.	Funds	PGIM Money Market Fund	"	Note 1	4,126	66,877	-	66,877	
"	"	Mega Diamond Money Market Fund	"	"	3,203	41,184	-	41,184	
"	"	JIH SUN MONEY MARKET FUND	"	"	2,675	40,670	-	40,670	
"	"	Allianz Global Investors Taiwan Money Market Fund	"	"	1,574	20,223	-	20,223	
"	"	Taishin Ta-Chong Money Market Fund	"	"	690	10,043	-	10,043	
AlogiTek, Inc.	"	PineBridge Global ESG Quantitative Bond Fund	"	"	2,931	25,986	-	25,986	
"	"	Allianz Global Investors All Seasons Harvest Fund of Bond Funds	"	"	1,068	8,316	-	8,316	
"	"	Nomura Global Financial Bond Fund	"	"	1,921	17,942	-	17,942	
"	Bonds	United States Treasury securities	"	Note 6	-	6,399	-	6,334	
Chun-Feng Investment Limited	"	Allianz Global Investors Taiwan Money Market	"	Note 1	3,497	44,932	-	44,932	
"	"	Allianz Global Investors US Short Duration High Income Bond Fund	"	"	951	10,072	-	10,072	
"	"	PGIM USD High Yield Bond Fund	"	"	509	4,953	-	4,953	
"	"	Eastspring Investments Optm Inc FoFsAUSD	"	"	893	10,379	-	10,379	
"	"	PGIM Aggressive Growth ETF Fund of Funds	"	"	397	5,078	-	5,078	
ENE Technology Inc.	"	JIH SUN MONEY MARKET FUND	"	"	659	10,025	-	10,025	
Alcor Micro Technology, Inc.	Stock	NGD Systems Inc.	"	Note 4	8,705	14,945	3.45%	14,945	
Alcor Micro Technology, (H.K.) Limited	Bonds	HP Inc.	"	Note 3	-	2,340	-	2,340	
"	"	Power Finance Corp. Ltd.	"	"	-	5,838	-	5,838	
"	"	Natwest Group Plc.	"	"	-	3,190	-	3,190	
"	"	TSMC Arizona Corp.	"	"	-	6,073	-	6,073	
"	"	AT&T Inc. 5.35% Global Notes due 2066 (TBB)	"	"	4	2,838	-	2,838	
"	"	Treasury Bill	"	"	-	6,689	-	6,689	

Note 1: Current financial assets at fair value through profit or loss.

Note 2: Non-current financial assets at fair value through profit or loss.

Note 3: Current financial assets at fair value through other comprehensive income.

Note 4: Non-current financial assets at fair value through other comprehensive income.

Note 5: Current financial assets at amortised cost.

Note 6: Non-current financial assets at amortised cost.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Nine months ended September 30, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Notes 2 and 6)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)				Balance as at September 30, 2023 (Note 5)	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Selling price	Book value	Gain on disposal	Number of shares (in thousands)	Amount
Alcor Micro, Corp.	Alcorlink Corp.	Investments accounted using equity method	AlgoITek, Inc.	An associate of the Company	14,640,133	\$ 311,058	-	\$ -	(14,640,133)	\$ 347,645	(\$ 285,033)	\$ -	-	\$ -
"	AlgoITek, Inc.	"	"	"	5,256,631	220,205	14,040,710	621,866	(5,256,631)	274,221	(215,500)	58,848	14,040,710	573,854
Chun-Feng Investment Limited	"	"	"	"	179,353	7,332	179,353	9,356	(179,353)	9,356	(7,169)	2,187	179,353	8,748

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: It included profit or loss accounted for using equity method.

Note 6: AlgoITek exchanged shares with the shareholders of Alcorlink by issuing new shares as consideration, and acquired 100% equity interest of Alcorlink. The effective date was set on April 1, 2023. After the transaction date, AlgoITek was changed to the Company's subsidiary from an associate.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

September 30, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2023 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Egis Technology Inc.	SCT Ltd. Taiwan Branch (Cayman)	Associate	\$ 102,813	Not applicable	\$ 41,541	Aggressive collection	\$ 9,705	\$ -

Note 1: It pertained to the purchase of inventory and service revenue receivable on behalf of the associate.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Significant inter-company transactions during the reporting period
Nine months ended September 30, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Egis Technology Korea Inc.	Egis Technology Inc.	2	Service revenue (Note 6)	\$ 29,273	Transaction prices and terms were similar to non- related party	1.08%
2	Alcor Micro, Corp.	Alcor Micro Technology (H.K.) Limited	3	Sales revenue (Note 6)	80,700		2.96%
3	Alcor Micro Tech. (ShenZhen) Ltd.	"	3	Service revenue (Note 6)	37,685		1.38%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

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

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: Individual transaction amount less than 1% of total assets or consolidated income will not be disclosed.

Note 6: The transactions were eliminated when preparing the consolidated financial statements.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Information on investees

Nine months ended September 30, 2023

Table 5

Unit: Thousands of NTD/shares

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net income (loss) of investee for the nine months ended September 30, 2023	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023	Footnote
				Balance as at September 30, 2023 (Note 3)	Balance as at December 31, 2022	No. of shares	Ownership (%)	Book value			
The Company	Egis Technology (Japan) Inc.	Japan	Customer service, business promotion and technical service	\$ 109,279	\$ 109,279	7,680,000	100.00%	\$ 1,256	\$ 497	\$ 497	
"	Egis Technology Korea Inc.	Korea	Customer service, business promotion and technical service	18,233	18,233	20,000	100.00%	26,981	416	416	
"	Sense Investment and Consulting Inc.	Taiwan	Holding company	1,880	1,880	167,000	100.00%	2,181	16	16	
"	Luxsentek Microelectronics Corp.	Taiwan	Technology development	140,000	140,000	14,000,000	86.93%	(3,471)	(9,738)	(8,465)	
"	Alcor Micro, Corp.	Taiwan	Technology development	707,000	707,000	20,000,000	20.30%	698,617	(132,802)	(24,990)	
"	VASUBI Technology Inc.	Taiwan	Technology development	40,000	40,000	4,000,000	100.00%	2,039	(20,014)	(20,014)	
"	NUI Technology Inc.	Taiwan	Technology development	90,000	90,000	9,000,000	100.00%	51,452	(22,968)	(22,968)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net income (loss) of investee for the nine months ended September 30, 2023	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023	Footnote
				Balance as at September 30, 2023 (Note 3)	Balance as at December 31, 2022	No. of shares	Ownership (%)	Book value			
The Company	Taurus Wireless Inc.	Taiwan	Technology development	\$ 50,000	\$ 10,000	5,000,000	100.00%	\$ 25,330	(\$ 16,817)	(\$ 16,817)	
"	Transducer Star Technology Inc.	Taiwan	Technology development	31,900	-	2,780,000	90.26%	22,879	(10,747)	(8,107)	
"	Vitrio Technology Corporation	Taiwan	Technology development	-	4,970	-	-	-	-	-	
"	iCatch Technology Inc.	Taiwan	Technology development	1,189,600	1,189,600	18,000,000	18.91%	1,114,352	(3,787)	(56,639)	
"	SCT Holdings Ltd.	Cayman Islands	Design, development and sales of IC	371,380	371,380	6,403,545	19.51%	346,705	(203,703)	(53,424)	
"	Egis Innovation Fund G.P., Ltd.	Taiwan	General investment business	7,500	7,500	750,000	50.00%	7,504	33	17	
Alcor Micro, Corp.	Alcor Micro Technology, Inc. (AMTI)	Cayman Islands	Investment holding company	932,166	850,378	30,613,000	100.00%	102,055	(58,924)	(58,924)	
"	AlgoTek, Inc.	Taiwan	Development, design and sales of IC	73,782	73,782	14,040,710	31.44%	573,854	(174,331)	(40,649)	
"	Syncomm Technology Corp.	Taiwan	Development, design and sales of IC	133,578	133,578	8,444,245	26.47%	113,816	(6,628)	(1,768)	
"	Alcorlink Corp.	Taiwan	Development, design and sales of IC	-	259,214	-	-	-	(82,293)	(30,702)	
"	Chun-Feng Investment Limited	Taiwan	General investment business	90,000	90,000	9,000,000	100.00%	114,330	3,424	(311)	
"	ENE Technology Inc.	Taiwan	Development, design and sales of IC	252,800	252,800	8,000,000	17.66%	264,320	81,204	10,444	

Table 5, Page 2

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net income (loss) of investee for the nine months ended September 30, 2023	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023	Footnote
				Balance as at September 30, 2023 (Note 3)	Balance as at December 31, 2022	No. of shares	Ownership (%)	Book value			
Chun-Feng Investment Limited	AlgoTek, Inc.	Taiwan	Development, design and sales of IC	\$ 5,814	\$ 5,814	179,353	0.40%	\$ 4,367	(\$ 174,331)	(\$ 620)	
"	Syncomm Technology Corp.	Taiwan	Development, design and sales of IC	17,943	17,943	1,719,642	5.39%	19,420	(6,628)	(359)	
Alcor Micro Technology, Inc. (AMTI)	Alcor Micro Technology, (H.K.) Limited (AMTHK)	Hong Kong	Management and sales of electronic products	633,056	520,107	20,790,000	100.00%	55,940	(35,259)	(35,259)	
AlgoTek, Inc.	Terawins, INC.	Taiwan	Development, design and sales of IC	48,239	-	5,359,923	17.65%	33,359	(61,546)	(7,042)	
"	Alcorlink Corp.	Taiwan	Development, design and sales of IC	1,001,479	-	29,386,128	100.00%	552,327	(85,412)	(23,951)	Note 3
Alcorlink Corp.	Egis Vision Inc.	Taiwan	Development, design and sales of IC	60,000	-	6,000,000	80.00%	42,915	(21,716)	(20,346)	Note 4

Note 1: The accounts of the Company are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates prevailing at the transaction dates and balance sheet accounts at spot exchange rates prevailing at the transaction dates.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

Note 3: The initial investment amount of AlgoTek in Alcorlink was determined based on the number of AlgoTek's issued common stocks and the latest closing price at the effective date of the merger.

Note 4: Alcorlink's initial investment amount in Egis Vision was \$1,000. The Board of Directors of Alcorlink during its meeting on June 28, 2023 resolved to spin off its "Image Product Business Department" to Egis Vision. The spin-off effective date was set on July 1, 2023. The business value of the spin-off was \$59,000, and 1 newly issued ordinary share of Egis Vision was exchanged for \$10 (in dollars) per share, increasing the initial investment amount by \$59,000.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Information on investments in Mainland China
Nine months ended September 30, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee for the nine months ended September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
					Remitted to Mainland	Remitted back to Taiwan							
Egis Intelligent (Shanghai) Co., Ltd.	Customer service, business promotion and technical service	\$ 55,521	Note 2	\$ 64,540	\$ -	\$ -	\$ 64,540	(\$ 6,683)	100.00%	(\$ 6,683)	\$ 44,828	\$ -	Note 3
Alcor Micro Tech., (ShenZhen) Ltd.	After sales service and collection of business intelligence	56,960	Note 1	56,960	-	-	56,960	(23,583)	100.00%	(23,583)	26,873	-	"
ENE Touch Technology Co., Ltd. (ENE Touch)	Wholesale of electronic materials	Note 6	Note 2	9,047	2,284	31	11,300	(683)	100.00%	(683)	-	31	Note 3 and Note 7

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Egis Technology Inc.	\$ 64,540	\$ 64,540	\$ 4,968,566
Alcor Micro, Corp.	56,960	56,960	4,968,566
ENE Technology Inc. (ENE)	11,300	11,300	4,968,566

Note 1: Reinvested in Mainland China company through Alcor Micro Technology, Inc. in the third area.

Note 2: Directly invest in a company in Mainland China.

Note 3: Investment income (loss) was recognised based on the financial reports that were reviewed by CPA.

Note 4: The accounts of the Company are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates prevailing at the transaction dates and balance sheet accounts at spot exchange rates prevailing at the transaction dates.

Note 5: Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA is 60% of higher of the consolidated net assets or net assets of each company.

Note 6: The Group sold all equity interest of the subsidiary, ENE Touch and the paid-in capital is \$0 with the effective date set on April 20, 2023. In June 2023, the Group has submitted the application regarding the change in investment amounts to MOEA.

Note 7: Listed in accordance with the financial statements of subsidiaries.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Major shareholders information

September 30, 2023

Table 7

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Sen-Chou Lo	9,006,262	12.12%