

EGIS TECHNOLOGY INC. AND SUBSIDIARIES**Consolidated Financial Statements****With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2021 and 2020**

Address: 30F, -1, No. 118, Ciyun Rd., East Dist., Hsinchu City, Taiwan
Telephone: +886 3 6663568

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

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Independent Auditors' Review Report

To the Board of Directors of Egis Technology Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Egis Technology Inc. and its subsidiaries as of September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and nine months then ended as well as the changes in equity and cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards 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.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Egis Technology Inc. and its subsidiaries as of September 30, 2021 and 2020, 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" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Wei-Ming Shih and Huei-Chen Chang.

KPMG

Taipei, Taiwan (Republic of China)
November 10, 2021

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards as of September 30, 2021 and 2020

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Consolidated Balance Sheets

September 30, 2021, December 31 and September 30, 2020
(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2021		December 31, 2020		September 30, 2020	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets:						
1100 Cash and cash equivalents (notes 6(a) and 8)	\$ 4,203,881	49	1,533,311	23	731,093	14
1110 Financial assets at fair value through profit or loss—current (notes 6(b) and 13)	783,135	9	-	-	-	-
1170 Accounts receivable, net (notes 6(d)(i))	505,170	6	303,743	5	1,007,025	19
1210 Other receivables from related parties (note 7)	-	-	-	-	17,564	-
130X Inventories (note 6(e))	542,693	6	383,526	6	258,416	5
1410 Prepaid expenses and other current assets	148,509	2	140,585	2	142,418	3
1476 Other financial assets—current (notes 6(f) and 8)	1,503,562	17	144,509	2	664,335	13
Total current assets	7,686,950	89	2,505,674	38	2,820,851	54
Non-current assets:						
1510 Non-current financial assets at fair value through profit or loss (notes 6(b) and 13)	28,214	-	13,045	-	10,328	-
1517 Non-current financial assets at fair value through other comprehensive income (notes 6(e) and 13)	449,977	5	3,561,233	53	1,819,333	35
1550 Investments accounted for using equity method (notes 6(g) and 13)	-	-	46,034	1	30,844	1
1600 Property, plant and equipment (note 6(i))	99,382	1	104,000	2	84,657	2
1755 Right-of-use assets (note 6(j))	113,470	1	148,087	2	143,203	3
1780 Intangible assets (notes 6(h)(k))	203,311	3	193,154	3	200,269	4
1840 Deferred income tax assets	94,218	1	94,218	1	74,540	1
1915 Prepayments for equipment	5,267	-	-	-	3,780	-
1920 Refundable deposits	13,169	-	12,951	-	15,408	-
1960 Prepayments for investments	-	-	-	-	10,000	-
1980 Other financial assets—non-current (note 8)	403	-	449	-	427	-
Total non-current assets	1,007,411	11	4,173,171	62	2,392,789	46
Total assets	\$ 8,694,361	100	6,678,845	100	5,213,640	100
Liabilities and Equity						
Current liabilities:						
2100 Short-term borrowings (notes 6(l)(z))	\$ 100,000	1	-	-	-	-
2170 Notes and accounts payable	215,401	3	254,432	4	334,431	6
2230 Current tax liabilities	631,335	7	37,274	-	44,552	1
2280 Current lease liabilities (notes 6(n)(z))	35,515	-	44,707	1	37,957	1
2365 Refund liabilities—current	63,098	1	99,066	1	268,959	5
2399 Accrued expenses and other current liabilities (note 6(t))	320,069	4	435,241	7	493,642	9
Total current liabilities	1,365,418	16	870,720	13	1,251,385	24
Non-current liabilities:						
2540 Long-term debt (notes 6(m)(z))	850,000	10	990,000	15	990,000	19
2570 Deferred income tax liabilities (note 6(p))	-	-	-	-	75	-
2580 Non-current lease liabilities (notes 6(m)(z))	84,844	1	110,880	2	108,780	2
Total non-current liabilities	934,844	11	1,100,880	17	1,098,855	21
Total liabilities	2,300,262	27	1,971,600	30	2,350,240	45
Equity (notes 6(q)(c)):						
Common stock	707,758	8	713,758	11	713,788	14
Capital surplus	989,391	11	1,057,960	16	1,059,185	20
Retained earnings:						
Legal reserve	284,300	3	224,069	3	224,069	4
Special reserve	-	-	81,463	1	81,463	2
Unappropriated earnings	4,568,801	53	1,057,629	16	1,053,234	20
Other equity interest:						
Exchange differences on translation of foreign financial statements	(649)	-	2,112	-	934	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(23,932)	-	1,775,108	26	(45,310)	(1)
Deferred compensation cost arising from issuance of restricted stock	-	-	-	-	(910)	-
Treasury stock	(149,900)	(2)	(228,775)	(3)	(228,775)	(4)
Equity attributable to shareholders of the Company	6,375,769	73	4,683,324	70	2,857,678	55
Non-controlling interests	18,330	-	23,921	-	5,722	-
Total equity	6,394,099	73	4,707,245	70	2,863,400	55
Total liabilities and equity	\$ 8,694,361	100	6,678,845	100	5,213,640	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

EGIS TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended September 30, 2021 and 2020, and nine months ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the three months ended				For the nine months ended			
	September 30		September 30		September 30		September 30	
	2021	2020	2021	2020	2021	2020	2021	2020
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Revenue (note 6(t))	\$ 815,411	100	1,852,612	100	2,631,666	100	5,026,069	100
5000 Costs of revenue (notes 6(e)(h) and 12)	<u>(502,124)</u>	<u>(62)</u>	<u>(1,059,345)</u>	<u>(57)</u>	<u>(1,606,578)</u>	<u>(61)</u>	<u>(2,789,284)</u>	<u>(55)</u>
Gross profit	<u>313,287</u>	<u>38</u>	<u>793,267</u>	<u>43</u>	<u>1,025,088</u>	<u>39</u>	<u>2,236,785</u>	<u>45</u>
Operating expenses (notes 6(d)(i)(j)(k)(n)(o)(r)(u), 7 and 12):								
6100 Selling expenses	(29,595)	(4)	(74,157)	(4)	(93,398)	(3)	(210,296)	(5)
6200 Administrative expenses	(93,858)	(11)	(71,053)	(4)	(261,647)	(10)	(236,935)	(5)
6300 Research and development expenses	<u>(251,126)</u>	<u>(31)</u>	<u>(332,724)</u>	<u>(18)</u>	<u>(882,629)</u>	<u>(34)</u>	<u>(960,983)</u>	<u>(19)</u>
Total operating expenses	<u>(374,579)</u>	<u>(46)</u>	<u>(477,934)</u>	<u>(26)</u>	<u>(1,237,674)</u>	<u>(47)</u>	<u>(1,408,214)</u>	<u>(29)</u>
Operating income (loss)	<u>(61,292)</u>	<u>(8)</u>	<u>315,333</u>	<u>17</u>	<u>(212,586)</u>	<u>(8)</u>	<u>828,571</u>	<u>16</u>
Non-operating income and loss:								
7100 Interest income (notes 6(v) and 7)	6,643	1	6,418	-	12,223	-	33,328	-
7010 Other income (note 6(v))	103	-	25,870	1	4,080	-	29,068	-
7020 Other gains and losses, net (note 6(v))	(6,905)	(1)	(44,443)	(2)	(23,698)	(1)	(93,421)	(1)
7050 Finance costs (notes 6(n)(v))	(3,361)	-	(7,567)	-	(11,351)	-	(17,944)	-
7060 Share of profits of associates and joint ventures accounted for using equity method (notes 6(g) and 13)	-	-	(6,672)	-	(3,725)	-	(14,832)	-
Total non-operating income and loss	<u>(3,520)</u>	<u>-</u>	<u>(26,394)</u>	<u>(1)</u>	<u>(22,471)</u>	<u>(1)</u>	<u>(63,801)</u>	<u>(1)</u>
Net income (loss) before tax	<u>(64,812)</u>	<u>(8)</u>	<u>288,939</u>	<u>16</u>	<u>(235,057)</u>	<u>(9)</u>	<u>764,770</u>	<u>15</u>
7950 Less: Income tax (expenses) benefit (note 6(p))	<u>12,454</u>	<u>2</u>	<u>(67,043)</u>	<u>(4)</u>	<u>48,720</u>	<u>2</u>	<u>(139,515)</u>	<u>(3)</u>
Net income (loss)	<u>(52,358)</u>	<u>(6)</u>	<u>221,896</u>	<u>12</u>	<u>(186,337)</u>	<u>(7)</u>	<u>625,255</u>	<u>12</u>
Other comprehensive income:								
8310 Items that will not be reclassified subsequently to profit or loss:								
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (notes 6(q)(w))	(40,605)	(5)	24,283	1	3,560,251	135	8,269	1
8349 Income tax related to items that will not be reclassified to profit or loss (note 6(p))	-	-	-	-	(642,816)	(24)	-	-
	<u>(40,605)</u>	<u>(5)</u>	<u>24,283</u>	<u>1</u>	<u>2,917,435</u>	<u>111</u>	<u>8,269</u>	<u>1</u>
8360 Items that may be reclassified subsequently to profit or loss:								
8361 Exchange differences on translation of foreign operations (note 6(q))	(1,781)	-	179	-	(3,514)	-	(1,137)	-
8367 Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(1,097)	-	-	-	(2,421)	-	-	-
8370 Accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss (note 6(g)(q))	-	-	(106)	-	(9)	-	(352)	-
8399 Income tax related to items that may be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<u>(2,878)</u>	<u>-</u>	<u>73</u>	<u>-</u>	<u>(5,944)</u>	<u>-</u>	<u>(1,489)</u>	<u>-</u>
Other comprehensive income (loss), net	<u>(43,483)</u>	<u>(5)</u>	<u>24,356</u>	<u>1</u>	<u>2,911,491</u>	<u>111</u>	<u>6,780</u>	<u>1</u>
Comprehensive income (loss)	<u>\$ (95,841)</u>	<u>(11)</u>	<u>246,252</u>	<u>13</u>	<u>2,725,154</u>	<u>104</u>	<u>632,035</u>	<u>13</u>
Net income (loss) attributable to:								
8610 Shareholders of the Company	\$ (49,894)	(6)	223,687	12	(176,363)	(7)	628,164	12
8620 Non-controlling interests	<u>(2,464)</u>	<u>-</u>	<u>(1,791)</u>	<u>-</u>	<u>(9,974)</u>	<u>-</u>	<u>(2,909)</u>	<u>-</u>
	<u>\$ (52,358)</u>	<u>(6)</u>	<u>221,896</u>	<u>12</u>	<u>(186,337)</u>	<u>(7)</u>	<u>625,255</u>	<u>12</u>
Total comprehensive income (loss) attributable to:								
8710 Shareholders of the Company	\$ (93,377)	(11)	248,043	13	2,735,128	104	634,944	13
8720 Non-controlling interests	<u>(2,464)</u>	<u>-</u>	<u>(1,791)</u>	<u>-</u>	<u>(9,974)</u>	<u>-</u>	<u>(2,909)</u>	<u>-</u>
	<u>\$ (95,841)</u>	<u>(11)</u>	<u>246,252</u>	<u>13</u>	<u>2,725,154</u>	<u>104</u>	<u>632,035</u>	<u>13</u>
Earnings (loss) per share (in New Taiwan Dollars) (note 6(s)) :								
9750 Basic earnings (loss) per share	\$ <u>(0.72)</u>		<u>3.23</u>		<u>(2.55)</u>		<u>9.08</u>	
9850 Diluted earnings (loss) per share	\$ <u>(0.72)</u>		<u>3.22</u>		<u>(2.55)</u>		<u>9.02</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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EGIS TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Atributable to shareholders of the Company										Total equity		
	Retained earnings					Other equity interest							
	Common stock	Common stock subscribed	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Deferred compensation cost arising from issuance of restricted stock	Treasury stock		Total	Non-controlling interests
Balance at January 1, 2020	\$ 712,653	1,225	1,040,153	137,801	48,867	1,197,715	2,361	(83,824)	(5,145)	(248,761)	2,803,045	8,631	2,811,676
Appropriation and distribution of retained earnings:	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	86,268	-	(86,268)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	32,596	(32,596)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(623,536)	(623,536)	-	-	-	-	(623,536)	-	(623,536)
Treasury stock transferred to employees	-	-	(60)	-	-	-	-	-	-	19,986	19,926	-	19,926
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	62	-	-	-	62	-	62
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	(30,245)	-	30,245	-	-	-	-	-
Issuance of common stock from exercise of employee stock options	1,225	(1,225)	-	-	-	-	-	-	-	-	-	-	-
Compensation cost of employee stock options	-	-	19,414	-	-	-	-	-	-	-	19,414	-	19,414
Compensation cost arising from restricted shares of stock issued to employees	-	-	(412)	-	-	-	-	-	4,235	-	3,823	-	3,823
Retirement of restricted shares of stock issued to employees	(90)	-	90	-	-	-	-	-	-	-	-	-	-
Net income in 2020	-	-	-	-	-	628,164	-	8,269	-	-	628,164	(2,909)	625,255
Other comprehensive income in 2020	-	-	-	-	-	-	(1,489)	8,269	-	-	6,780	-	6,780
Total comprehensive income in 2020	-	-	-	-	-	628,164	(1,489)	8,269	-	-	634,944	(2,909)	632,035
Balance at September 30, 2020	\$ 713,788	-	1,059,185	224,069	81,463	1,053,234	934	(45,310)	(910)	(228,775)	2,857,678	5,722	2,863,400
Balance at January 1, 2021	\$ 713,758	-	1,057,960	224,069	81,463	1,057,629	2,112	1,775,108	-	(228,775)	4,683,324	23,921	4,707,245
Appropriation and distribution of retained earnings:	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	60,231	-	(60,231)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(81,463)	81,463	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,039,136)	(1,039,136)	-	-	-	-	(1,039,136)	-	(1,039,136)
Retirement of treasury stock	(6,000)	-	(68,643)	-	-	(4,232)	-	-	-	78,875	-	-	-
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	762	-	-	-	762	-	762
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	4,714,054	-	(4,714,054)	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	(4,383)	-	-	-	-	(4,383)	-	-
Compensation cost arising from restricted shares of stock issued to employees	-	-	74	-	-	(176,363)	-	-	-	-	74	-	74
Net income in 2021	-	-	-	-	-	-	(3,523)	2,915,014	-	-	(176,363)	(9,974)	(186,337)
Other comprehensive income in 2021	-	-	-	-	-	-	(3,523)	2,915,014	-	-	2,911,491	-	2,911,491
Total comprehensive income in 2021	-	-	-	-	-	-	(3,523)	2,915,014	-	-	2,735,128	(9,974)	2,725,154
Balance at September 30, 2021	\$ 707,758	-	989,391	284,300	-	4,568,801	(649)	(23,932)	-	(149,900)	6,375,769	18,330	6,394,099

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

EGIS TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2021	2020
Cash flows from operating activities:		
Income (loss) before income taxes	\$ (235,057)	764,770
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation	73,183	56,244
Amortization	22,245	30,281
Reversal of expected credit loss	-	(330)
Net loss (gain) on financial assets at fair value through profit or loss	1,081	8,552
Interest expense	11,351	17,944
Interest income	(12,223)	(33,328)
Dividend income	-	(24,424)
Share-based payments	74	23,237
Share of loss of associates and joint ventures accounted for using the equity method	3,725	14,832
Loss on disposal of property, plant and equipment	(438)	6,260
Gain on disposal of investments accounted for using the equity method	(97,365)	(19,468)
Gain arising from lease modifications	(496)	(1,744)
Total adjustments to reconcile profit (loss)	1,137	78,056
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	(201,427)	(663,270)
Inventories	(159,167)	504,491
Prepayments and other current assets	604	22,687
Total changes in operating assets	(359,990)	(136,092)
Changes in operating liabilities:		
Notes and accounts payable	(39,031)	(227,307)
Refund liabilities	(35,968)	208,371
Accrued expenses and other current liabilities	(116,358)	(131,234)
Total changes in operating liabilities	(191,357)	(150,170)
Total changes in operating assets and liabilities	(551,347)	(286,262)
Cash provided by (used in) operations	(785,267)	556,564
Interest received	10,556	40,533
Dividends received	-	24,424
Interest paid	(10,165)	(18,449)
Income taxes paid	(8,563)	(267,155)
Net cash provided by (used in) operating activities	(793,439)	335,917

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the nine months ended September 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2021	2020
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(97,421)	(1,614,238)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6,766,455	-
Acquisition of financial assets at fair value through profit or loss	(958,455)	(96,566)
Proceeds from disposal of financial assets at fair value through profit or loss	201,672	145,536
Acquisition of investments accounted for using the equity method	-	(4,970)
Proceeds from disposal of investments accounted for using the equity method	97,825	19,530
Increase in prepayments for investments	-	(10,000)
Net cash flows from acquisition of subsidiaries	-	(1,538)
Acquisition of property, plant and equipment	(37,680)	(54,529)
Proceeds from disposal of property, plant and equipment	2,903	-
Increase in other receivables from related parties	-	(17,564)
Acquisition of intangible assets	(32,402)	(7,058)
Increase in other financial assets	(1,357,334)	(353,548)
Increase in refundable deposits	(218)	(4,857)
Increase in prepayments for equipment	(5,267)	(3,780)
Net cash provided by (used in) investing activities	<u>4,580,078</u>	<u>(2,003,582)</u>
Cash flows from financing activities:		
Proceeds from short-term borrowings	200,000	7,516,526
Repayments of short-term borrowings	(100,000)	(8,638,168)
Proceeds from long-term debt	850,000	990,000
Repayments of long-term debt	(990,000)	-
Payment of lease liabilities	(33,541)	(27,144)
Cash dividends distributed to shareholders	(1,039,136)	(623,536)
Treasury stock transferred to employees	-	19,926
Net cash used in financing activities	<u>(1,112,677)</u>	<u>(762,396)</u>
Effects of foreign exchange rate changes	<u>(3,392)</u>	<u>(1,076)</u>
Net decrease in cash and cash equivalents	2,670,570	(2,431,137)
Cash and cash equivalents at beginning of the period	<u>1,533,311</u>	<u>3,162,230</u>
Cash and cash equivalents at end of the period	<u><u>\$ 4,203,881</u></u>	<u><u>731,093</u></u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

EGIS TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2021 and 2020

(expressed in Thousands of New Taiwan Dollars, unless otherwise specified)

1. Organization and business

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 research, development, and sales of data security software, biometric identification software and hardware.

2. Authorization of the consolidated financial statements

The consolidated financial statements were authorized for issue by the Board of Directors on November 10, 2021.

3. Application of new and revised accounting standards and interpretations:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

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

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4. Summary of significant accounting policies

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2020. Please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020 for the related information.

(a) Statement of compliance

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

(b) Basis of consolidation

(i) List of subsidiaries included in the consolidated financial statements:

Names of Investors	Names of Subsidiaries	Principal Activities	Shareholdings		
			September 30, 2021	December 31, 2020	September 30, 2020
The Company	Egis Technology (Japan) Inc.	Customer service, business promotion and technical service	100.00 %	100.00 %	100.00 %
The Company	Egis Tec USA Inc.(note 1)	Technology development	-	-	100.00 %
The Company	Egis Technology Korea Inc.	Customer service, business promotion and technical service	100.00 %	100.00 %	100.00 %
The Company	Igistec Co., Ltd.	Technology development	74.69 %	74.69 %	74.69 %
The Company	Sense Investment and Consulting Inc.	Investment and holding activity	100.00 %	100.00 %	100.00 %
The Company	Luxsentek Microelectronics Corp. (note 2)	Technology development	86.93 %	68.13 %	-
The Company	Egis Intelligent (Shanghai) Co., Ltd (note 3)	Customer service, business promotion and technical service	100 %	-	-
The Company	Egis (Hong Kong) Limited (note 4)	Investment and holding activity	100 %	-	-

Note 1: Egis Tec USA Inc.was liquidated in November 2020.

Note 2:The Group acquired and took control over Luxsentek Microelectronics Corp. on December 18, 2020. Therefore, Luxsentek Microelectronics Corp. has been included in Group's consolidated financial statements from the date the control commenced.

Note 3:Egis Intelligent (Shanghai) Co., Ltd was incorporated on December 28, 2020, and the Group completed the capital injection on August 2, 2021.

Note 4:Egis (Hong Kong) Limited was incorporated on August 17, 2015 and the capital injection have not been completed by the Group.

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Income taxes

Tax expense in the consolidated interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 “Interim Financial Reporting”. Income tax expense is best estimated by multiplying pre-tax income for the interim reporting period with the effective annual tax rate as forecasted by the management, and is recognized as current tax expense.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realizations or liquidation and shall be recognized directly in equity or other comprehensive income as tax expense.

5. Critical accounting judgments and key sources of estimation uncertainty

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

Except for the following disclosures, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

(a) Judgment of whether the Group has control over its investees

The Group originally held 50.05% outstanding shares of Sirius Wireless Pte. Ltd. (Sirius Wireless). The remaining 49.95% shares of Sirius Wireless were concentrated within specific shareholders, with each share's voting right having twice as much as compared to that of the Group. Therefore, the management determined that the Group has only significant influence on Sirius Wireless but not control over it. In January 2021, the Group's shareholding ratio decreased to 15.02% due to a disposal of part of Sirius Wireless shares, with the resignation of the director's position on Sirius Wireless. Therefore, the management determined that the Group lose significant influence on Sirius Wireless.

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

6. Significant account disclosures

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2020. Please refer to note 6 of the 2020 annual consolidated financial statements.

(a) Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$ 870	1,016	816
Bank deposits	1,225,211	909,272	270,497
Time deposits	2,977,800	480,623	459,780
Repurchase agreements – bond	-	142,400	-
	<u>\$ 4,203,881</u>	<u>1,533,311</u>	<u>731,093</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Current:			
Open-end mutual fund	\$ 748,308	-	-
Foreign unlisted common shares	34,827	-	-
Non-current:			
Privately offered fund	28,214	13,045	10,328
	<u>\$ 811,349</u>	<u>13,045</u>	<u>10,328</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Debt instruments at fair value through other comprehensive income:			
Unsecured bank bonds	\$ 47,937	-	-
Unsecured corporate bonds	47,011	-	-
Subtotal	<u>94,948</u>	<u>-</u>	<u>-</u>
Equity instruments at fair value through other comprehensive income:			
Domestic listed common shares	\$ -	3,179,148	1,588,108
Unlisted common shares	355,029	382,085	231,225
Subtotal	<u>355,029</u>	<u>3,561,233</u>	<u>1,819,333</u>
Total	<u>\$ 449,977</u>	<u>3,561,233</u>	<u>1,819,333</u>

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group designated the investments shown above as debt instruments as at fair value through other comprehensive income, because these debt securities 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 securities.

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

On April 19, 2021, the Group disposed all its investments in FocalTech Systems Co., Ltd., which were recognized as financial assets at fair value through other comprehensive income. The fair value of the investments was \$6,766,454 at the disposal date, resulting in the disposal gain by \$4,714,054 (net of tax). Thereafter, the disposal gain was reclassified from other equity interest to retained earnings within equity.

For the nine months ended September 30, 2020, a portion of the Group's investment in financial assets measured at fair value through other comprehensive income was liquidated, resulting in the Group to recognize the loss of \$30,245, which had been reclassified from other equity interest to retained earnings.

(d) Accounts receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivable	\$ <u>505,170</u>	<u>303,743</u>	<u>1,007,025</u>

The Group applies the simplified approach to provide for its expected credit loss, i.e. the use of lifetime expected loss provision for all receivables. The loss allowance provision was determined as follows:

	<u>September 30, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ <u>505,170</u>	0.0001%	<u>-</u>
	<u>December 31, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ <u>303,743</u>	0.0001%	<u>-</u>
	<u>September 30, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ <u>1,007,025</u>	0.0001%	<u>-</u>

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement in the allowance for accounts receivable was as follows:

	For the nine months ended September 30, 2020
Balance at January 1	\$ 327
Impairment loss reversed	(330)
Foreign exchange losses	3
Balance at September 30	<u>\$ -</u>

(e) Inventories

	September 30, 2021	December 31, 2020	September 30, 2020
Raw materials	\$ 54,465	90,214	105,081
Work in process	488,228	283,907	151,784
Finished goods	-	9,405	1,551
	<u>\$ 542,693</u>	<u>383,526</u>	<u>258,416</u>

For the three months and nine months ended September 30, 2021 and 2020, the cost of inventories sold, which was included in costs of revenue, amounted to \$438,263, \$1,026,187, \$1,465,773, and \$2,691,038, respectively, of which the write-downs of inventories to net realizable value (the reversal of write-down due to the disposal of slow-moving inventories) amounted to \$(13,371), \$15,308, \$(2,892), and \$147,409, respectively.

(f) Other financial assets — current

	September 30, 2021	December 31, 2020	September 30, 2020
Time deposit (with original maturities of between three months and one year)	\$ 1,379,000	142,900	642,819
Restricted bank deposits	-	596	17,749
Other receivables	124,562	1,013	3,767
	<u>\$ 1,503,562</u>	<u>144,509</u>	<u>664,335</u>

(g) Investments accounted for using the equity method

The Group's investments accounted for using the equity method at the reporting date were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Associates	\$ -	43,948	25,874
Joint ventures	-	2,086	4,970
	<u>\$ -</u>	<u>46,034</u>	<u>30,844</u>

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group disposed part of its investments in Sirius Wireless in January 2021 for \$97,825, and therefore, its shareholding ratio decreased to 15.02%, resulting in the Group to lose significant influence over Sirius Wireless. The Group discontinued the use of the equity method from the disposal date and measured the retained interest at fair value recognized as financial assets at fair value through profit and losses. The difference between the carrying amount of the investment at the date the equity method was discontinued, and the fair value of retained interest and proceeds from disposing of a part interest in Sirius Wireless, amounted to \$97,365, which recognized as gain on disposal of investments. Please refer to note 6(V)(iii).

In the third quarter of 2020, the Group sold its entire investment in Tyrafos Technologies Co., Limited for \$19,530, resulting in the Group to recognize a gain on disposal of \$19,468.

The Group's financial information on its investments in individually insignificant investments accounted for using the equity method (please refer to note 13(b)) at the reporting date was as follows. The financial information is included in the consolidated financial statements.

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Attributable to the Group:				
Net loss	\$ -	(6,672)	(3,725)	(14,832)
Other comprehensive income (loss)	-	(106)	(9)	(352)
Total comprehensive income (loss)	<u>\$ -</u>	<u>(6,778)</u>	<u>(3,734)</u>	<u>(15,184)</u>

(h) Acquisition of subsidiaries

(i) Acquisition of subsidiary – Luxsentek Microelectronics Corp.

1) The cost of acquisition

On December 18, 2020 (the acquisition date), the Group acquired 68.13% ownership of Luxsentek Microelectronics Crop. (Luxsentek) for a cash consideration of \$45,000, and obtained control over it since then.

Luxsentek Microelectronics Corp. (Luxsentek) is primarily engaged in the design and sales of innovative optical sensor products. The acquisition of Luxsentek enables the Group to expand the development of its market share and production line of sensor chip products by integrating Luxsentek's production experience and technology.

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Identifiable net assets acquired in a business combination

The consideration paid for the acquisition, as well as fair value information of assets acquired and liabilities assumed from the acquisition on the acquisition date are as follows:

Purchase consideration:

Cash		\$	45,000
Add: Non-controlling interests in the acquiree (proportionate share of the fair value of the identifiable net assets)			19,858
Less: Fair value of identifiable assets acquired and liabilities assumed			
Cash	58,292		
Prepaid expenses and other current assets	701		
Property, plant and equipment	1,477		
Other non-current assets, net	4,388	64,858	
Goodwill		\$	<u><u>-</u></u>

(ii) Acquisition of subsidiary—Sense Investment and Consulting Inc. (Sense Investment)

1) The cost of acquisition

The Group acquired 100% ownership of Sense Investment for a cash consideration of \$1,880 on June 3, 2020 (the acquisition date) in order to increase the common shares of FocalTech Systems Co., Ltd., where Sense Investment holds a certain portion of its shares. Also, the Group assumed that Sense Investment will be its holding and investing company for developing its venture capital business.

2) Identifiable net assets acquired in a business combination

The fair value information of assets acquired and liabilities assumed from the acquisition on the acquisition date are as follows:

Account	Amount
Cash	\$ 342
Non-current financial assets at fair value through other comprehensive income	1,610
Other liabilities, net	(72)
	<u><u>\$ 1,880</u></u>

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Pro forma information

From the acquisition date to September 30, 2020, the Group incurred a revenue of \$0 and a net loss of \$(67) from Sense Investment. However, if this acquisition had occurred on January 1, 2020, the management estimates that the consolidated revenue and net income after tax from January 1 to September 30, 2020 would have been \$5,026,069 and \$627,582, respectively.

(i) Property, plant and equipment

	<u>Computer and communication equipment</u>	<u>Research and development equipment</u>	<u>Leasehold improvement</u>	<u>Other equipment</u>	<u>Total</u>
Carrying amounts:					
Balance at September 30, 2021	\$ <u>40,466</u>	<u>31,507</u>	<u>11,394</u>	<u>16,015</u>	<u>99,382</u>
Balance at January 1, 2021	\$ <u>35,258</u>	<u>31,869</u>	<u>14,535</u>	<u>22,338</u>	<u>104,000</u>
Balance at September 30, 2020	\$ <u>34,427</u>	<u>27,740</u>	<u>3,313</u>	<u>19,177</u>	<u>84,657</u>

There were no significant additions, disposals, or recognition and reversal of impairment losses of property, plant and equipment for the nine months ended September 30, 2021 and 2020. Information on depreciation for the period is discussed in note 12. Please refer to note 6(i) of the 2020 annual consolidated financial statement for other related information.

(j) Right-of-use assets

	<u>Buildings</u>
Cost:	
Balance at January 1, 2021	\$ 195,450
Additions	11,356
Disposals	<u>(32,540)</u>
Balance at September 30, 2021	<u>\$ 174,266</u>
Balance at January 1, 2020	\$ 140,285
Additions	112,071
Disposals	<u>(73,223)</u>
Balance at September 30, 2020	<u>\$ 179,133</u>
Accumulated depreciation:	
Balance at January 1, 2021	\$ 47,363
Depreciation	33,429
Disposals	<u>(19,996)</u>
Balance at September 30, 2021	<u>\$ 60,796</u>

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Buildings</u>
Balance at January 1, 2020	\$ 35,346
Depreciation	30,107
Disposals	<u>(29,523)</u>
Balance at September 30, 2020	<u>\$ 35,930</u>
Carrying amount:	
Balance at September 30, 2021	<u>\$ 113,470</u>
Balance at January 1, 2021	<u>\$ 148,087</u>
Balance at September 30, 2020	<u>\$ 143,203</u>

(k) Intangible assets

	<u>Goodwill</u>	<u>Patent</u>	<u>Technology</u>	<u>Computer software</u>	<u>Total</u>
Carrying amount:					
Balance at September 30, 2021	\$ <u>111,403</u>	<u>23,299</u>	<u>49,865</u>	<u>18,744</u>	<u>203,311</u>
Balance at January 1, 2021	\$ <u>111,403</u>	<u>2,010</u>	<u>60,371</u>	<u>19,370</u>	<u>193,154</u>
Balance at September 30, 2020	\$ <u>111,403</u>	<u>2,099</u>	<u>63,874</u>	<u>22,893</u>	<u>200,269</u>

There were no significant additions, disposals, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2021 and 2020. Information on amortization for the period is discussed in note 12. Please refer to note 6(k) of the 2020 annual consolidated financial statement for other related information.

(l) Short-term borrowings

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Unsecured bank loans	\$ <u>100,000</u>	<u>-</u>	<u>71,844</u>
Unused credit facilities	\$ <u>2,191,100</u>	<u>3,774,480</u>	<u>3,149,756</u>
Interest rate	<u>0.79%~0.84%</u>	<u>0.86%~1.29%</u>	<u>0.86%~1.29%</u>

(m) Long-term debt

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Unsecured bank loans	\$ <u>850,000</u>	<u>990,000</u>	<u>990,000</u>
Unused credit facilities	\$ <u>507,000</u>	<u>400,000</u>	<u>-</u>
Maturity year	<u>2022~2025</u>	<u>2022~2024</u>	<u>2022~2024</u>
Interest rate	<u>1.05%~1.54%</u>	<u>1.49%~1.58%</u>	<u>1.49%~1.58%</u>

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Covenants for bank borrowings

In the year of 2020 and the first quarter of 2021, the Company committed to the banks that the common shares of FocalTech Systems Co. Ltd. (FocalTech) held by the Company, which were recognized as financial assets at fair value through other comprehensive income, and shall not be disposed, collateralized or transferred to third parties without any notice to the banks. On April 15, 2021, the Company early repaid the long-term debt borrowed in the second quarter of 2020, amounting to \$990,000, and disposed all its investments in FocalTech. Please refer to note 6(c) for the related information.

(ii) Compliance with loan agreements

According to the loan agreements, the Company is required to maintain certain financial ratios calculated based on the annual and semi-annual audited/reviewed consolidated financial statements.

For the year 2020, the Company's financial ratios were in compliance with the loan agreements. For the six months ended June 30, 2021, one of the Company's financial ratios was not in compliance with the loan agreement with Entie Bank. However, Entie Bank has waived the penalties.

(n) Lease liabilities

The Group's lease liabilities were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Current	\$ <u>35,515</u>	<u>44,707</u>	<u>37,957</u>
Non-current	\$ <u>84,844</u>	<u>110,880</u>	<u>108,780</u>

For the maturity analysis, please refer to note 6(w).

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Interest expenses on lease liabilities	\$ <u>506</u>	<u>500</u>	<u>1,684</u>	<u>1,426</u>
Expenses relating to short-term leases	\$ <u>864</u>	<u>1,013</u>	<u>2,665</u>	<u>2,871</u>

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

	For the nine months ended September 30	
	2021	2020
Total cash outflow for leases	\$ <u>37,890</u>	<u>31,441</u>

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Buildings leases

The Group leases buildings for its office, which typically run for a period of three to five years.

(ii) Other leases

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term and low-value leases of offices, office equipment, employees' dormitories and warehouses.

(o) Employee benefits

The Company contributes monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Foreign subsidiaries make contributions in compliance with the respective local regulations.

For the three months and nine months ended September 30, 2021 and 2020, the Group recognized the pension expenses of \$7,139, \$6,468, \$23,701 and \$19,552, respectively, in relation to the defined contribution plans.

(p) Income taxes

(i) Income tax expense

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Current income tax expense (benefit)				
Current period	\$ (14,479)	66,576	(51,536)	138,370
Withholding tax in foreign jurisdiction	<u>2,025</u>	<u>467</u>	<u>2,816</u>	<u>1,145</u>
Income tax expense (benefit)	<u><u>\$ (12,454)</u></u>	<u><u>67,043</u></u>	<u><u>(48,720)</u></u>	<u><u>139,515</u></u>

(ii) The components of income tax expense recognized in other comprehensive income were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2021	2021	2020
Items that will not be reclassified subsequently to profit or loss:				
Gains from investments in equity instruments measured at fair value through other comprehensive income	<u>\$ -</u>	<u>-</u>	<u>(642,816)</u>	<u>-</u>

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) The Company's income tax returns for all fiscal years through 2019 were examined and approved by the R.O.C. income tax authorities.

(q) Capital and other equity

Except for the following disclosures, there was no significant change in capital and other equity for the nine months ended September 30, 2021 and 2020. For the related information, please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2020.

(i) Common stock

As of September 30, 2021, December 31 and September 30, 2020, the Company's authorized shares of common stock amounted to \$1,000,000 in total, at par value of \$10 per share, and consisted of 100,000 thousand shares, of which 70,776 thousand shares, 71,376 thousand shares and 71,379 thousand shares, respectively, were issued and outstanding.

The movements in outstanding shares of common stock (excluding unvested restricted stock issued to employees) were as follows (in thousands of shares):

	Ordinary shares	
	For the nine months ended September 30	
	2021	2020
Balance at January 1	69,269	68,886
Exercise of employee stock options	-	123
Vested restricted stock issued to employees	3	3
Treasury stock transferred to employees	-	200
Balance at September 30	<u>69,272</u>	<u>69,212</u>

(ii) Capital surplus

	September 30, 2021	December 31, 2020	September 30, 2020
Paid-in capital in excess of par value	\$ 988,545	996,145	981,682
Compensation cost of employee stock options	-	-	1,012
Restricted stock issued to employees	846	1,480	16,156
Treasury share transactions	-	60,335	60,335
	<u>\$ 989,391</u>	<u>1,057,960</u>	<u>1,059,185</u>

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
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(iii) Retained earnings and dividend policy

The Company's articles of incorporation, amended on July 12, 2021, stipulate that at least 10% of annual profit, after deducting accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, together with the unappropriated earnings from the previous years, can be distributed as dividends to stockholders. If dividends are distributed in the form of new shares, the distribution of shares shall be approved by the shareholders. In accordance with the Article 240, Paragraph 5 of the Company Act, the distributable dividends will be paid in cash by the Company after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company's articles of incorporation before amended on July 12, 2021, stipulate that at least 10% of annual net income after tax, after deducting accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, together with the unappropriated earnings from the previous years, can be distributed as dividends to stockholders. The appropriation of earnings should be proposed by the Board of Directors and approved by the shareholders.

Earnings are distributed in consideration of long-term interest of its shareholders, operating and the overall economic environment and the Company's long-term development and stability in its financial position. Earnings can be distributed by stock or cash, referring to the dividend ratio of others in the same industry and capital market, in which a cash dividend comprises at least 20% of the total dividend distribution.

1) Legal reserve

If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve to its shareholders by issuing new shares or by distributing cash for the portion in excess of 25% of the paid-in capital.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a special reserve equal to the total amount of items that were accounted for as deductions from stockholders' equity was set aside from current and prior-year earnings. This special reserve shall revert to the retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Earnings distribution

The appropriation of 2020 and 2019 earnings was resolved by the shareholders' meeting held on July 20, 2021 and June 18, 2020, respectively; and the distributions to shareholders were as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Dividends per share (NT\$)</u>	<u>Amount</u>	<u>Dividends per share (NT\$)</u>	<u>Amount</u>
Distribution to legal reserve		<u>\$ 60,231</u>		<u>86,268</u>
Distribution to (reversal of) special reserve		<u>\$ (81,463)</u>		<u>32,596</u>
Cash dividends	\$ 15.00	<u>1,039,136</u>	\$ 9.00	<u>623,536</u>

(iv) Treasury shares

- 1) The Company's Board of Directors meeting resolved on March 5 and September 18, 2018, respectively, to buy back the Company's ordinary shares. The number of shares repurchased should not exceed 5 percent of all shares issued for the purpose of transferring them to its employees within three years. The Company purchased 2,600 thousand of its own ordinary shares for an aggregate amount of \$278,740.
- 2) The movements in treasury shares were as follows (in thousands of shares):

	<u>2021</u>	<u>2020</u>
Balance at January 1	2,100	2,300
Transfer	-	(200)
Retirement	(600)	-
Balance at September 30	<u>1,500</u>	<u>2,100</u>

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Other equity

	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets at fair value through other comprehensive income
Balance at January 1, 2021	\$ 2,112	1,775,108
Foreign exchange difference arising from translation of foreign operations:		
The Group	(3,514)	-
Joint ventures and associates	(9)	-
Disposal gain (loss) of investment accounted for using the equity method reclassified to net income	762	-
Disposal gain of equity instruments at fair value through other comprehensive income reclassified to retained earnings	-	(4,714,054)
Unrealized gains (losses) from equity instruments at fair value through other comprehensive income	-	2,917,435
Unrealized gains (losses) from debt instruments at fair value through other comprehensive income	-	(2,421)
Balance at September 30, 2021	<u>\$ (649)</u>	<u>(23,932)</u>

	Exchange differences on translation of foreign operations	Deferred compensation cost arising from issuance of restricted stock	Unrealized gains (losses) from financial assets at fair value through other comprehensive income
Balance at January 1, 2020	\$ 2,361	(5,145)	(83,824)
Foreign exchange difference arising from translation of foreign operations:			
The Group	(1,137)	-	-
Joint ventures and associates	(352)	-	-
Disposal gain (loss) of investment accounted for using the equity method reclassified to net income	62	-	-
Deferred compensation cost	-	4,235	-
Unrealized gains (losses) from equity instruments at fair value through other comprehensive income	-	-	8,269
Disposal of financial assets at fair value through other comprehensive income	-	-	30,245
Balance at September 30, 2020	<u>\$ 934</u>	<u>(910)</u>	<u>(45,310)</u>

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Non-controlling interests (net after tax)

	For the nine months ended September 30	
	2021	2020
Balance at January 1	\$ 23,921	8,631
Equity attributable to non-controlling interest:		
Net loss	(9,974)	(2,909)
Changes in ownership interests in subsidiaries	4,383	-
Balance at September 30	\$ 18,330	5,722

(r) Share-based payment

(i) Employee stock options

There were no issuances of employee stock options for the nine months ended September 30, 2021 and 2020. Please refer to note 6(r) of the 2020 annual consolidated financial statement for the information on stock option plans and the assumptions adopted in the valuation model.

	For the nine months ended September 30	
	2020	
	Weighted- average exercise price (NT\$)	Number of shares
Outstanding, beginning of year	127.18	18,500
Forfeited	-	-
Outstanding, end of year	127.18	18,500
Exercisable, end of year	127.18	18,500

September 30, 2020				
Year of grant	Number of shares outstanding	Weighted-average remaining contractual years	Weighted-average exercise price(NT\$)	Number of shares exercisable
2015	18,500	0.09	\$ 127.18	18,500

The above plan of employee stock options has been terminated in November, 2020.

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Restricted stock

There were no issuances of restricted stock options for the nine months ended September 30, 2021 and 2020. Please refer to note 6(r) of the 2020 annual consolidated financial statement for the information on restricted stock.

	For the nine months ended September 30	
	2021	2020
Balance at January 1 (in thousands)	551	557
Forfeited	-	(6)
Balance at September 30	551	551
Accumulated vested shares	(547)	(487)
Unvested shares	<u>4</u>	<u>64</u>

The fair value of restricted stock was NT\$246 per share, which was determined by reference to the closing price of the company's common stock traded on the Taiwan stock Exchange at the grant date, and recognized as operating expenses during vesting period.

(iii) Treasury stock transferred to employees

On February 3, 2020, the Company transferred 200 thousand shares to its employees at exercise price of NT\$99.93 per share. The compensation costs were measured at fair value using the difference between the exercise price and the market price of the share at the grant date, which was NT\$197 per share.

(iv) Expenses resulted from share-based payments

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Treasury stock transferred to employees	\$ -	-	-	19,414
Restricted stock	-	1,365	74	3,823
	<u>\$ -</u>	<u>1,365</u>	<u>74</u>	<u>23,237</u>

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Earnings per share (“EPS”)

(i) Basic earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Net income attributable to the shareholders of the Company	\$ (49,894)	223,687	(176,363)	628,164
Weighted-average number of ordinary shares outstanding (in thousands)	69,272	69,212	69,271	69,186
Basic earnings per share (in New Taiwan Dollars)	<u>\$ (0.72)</u>	<u>3.23</u>	<u>(2.55)</u>	<u>9.08</u>

(ii) Diluted earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Net income attributable to the shareholders of the Company	\$ (49,894)	223,687	(176,363)	628,164
Weighted-average number of ordinary shares outstanding (in thousands)	69,272	69,212	69,271	69,186
Effect of diluted potential ordinary shares:				
Stock options	-	5	-	6
Employees compensation	-	243	-	397
Restricted stock	-	56	-	59
Weighted-average shares of ordinary shares outstanding (in thousands) (including effect of dilutive potential ordinary shares)	<u>69,272</u>	<u>69,516</u>	<u>69,271</u>	<u>69,648</u>
Diluted earnings per share (in New Taiwan Dollars)	<u>\$ (0.72)</u>	<u>3.22</u>	<u>(2.55)</u>	<u>9.02</u>

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Primary geographical markets:				
Taiwan	\$ 1,008	1,987	3,144	4,543
Asia	814,403	1,850,625	2,623,611	5,021,526
America	-	-	4,911	-
	<u>\$ 815,411</u>	<u>1,852,612</u>	<u>2,631,666</u>	<u>5,026,069</u>
Major products/ services line:				
Biometric authentication IC sensor and its application	\$ 814,403	1,850,625	2,623,611	5,021,576
Data security protection and its application	-	1,225	113	3,731
Engineering service revenue	1,008	762	7,942	762
	<u>\$ 815,411</u>	<u>1,852,612</u>	<u>2,631,666</u>	<u>5,026,069</u>

(ii) Contract balances

	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivable	<u>\$ 505,170</u>	<u>303,743</u>	<u>1,007,025</u>

Please refer to note 6(d) for details on accounts receivable and allowance for impairment.

(u) Remuneration to employees and directors

Pursuant to the Company's articles of incorporation, the Company shall distribute no less than 5% of its profits in the current period as remuneration to its employees, and no more than 1% to its directors. Nevertheless, the profits in the current period should be reserved for offsetting the accumulated deficit, if any, prior to distributing the remuneration to the employees and directors. The aforementioned remuneration to employees could be distributed in the form of cash or stock to the employees of the Company's subsidiaries conforming to certain requirements. The remuneration to directors only can be distributed by cash.

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months and nine months ended September 30, 2021 and 2020, the Company accrued its remuneration to employees amounting to \$0, \$15,440, \$0, and \$40,816, respectively, and its remuneration to directors amounting to \$0, \$3,088, \$0, and \$8,163, respectively, which were calculated by using the net profits before tax in the current period (excluding the remuneration to employees and directors), multiplied by the distribution ratio of remuneration to employees and directors under the Company's Article of Incorporation, and recognized them as operating expenses. The differences between the distributed and estimated amounts, if any, shall be accounted for as a change in accounting estimate and recognized as profit or loss in the distribution year.

For the years ended December 31, 2020 and 2019, the Company accrued its remuneration to employees amounting to \$40,140 and \$83,367, respectively, and its remuneration to directors amounting to \$8,028 and \$11,568, respectively. The aforementioned accrued remunerations to employees and directors were same as the amounts approved by the Board of Directors. The related information would be available at the Market Observation Post System website.

(v) Non-operating income and loss

(i) Interest income

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Interest income from bank deposits	\$ 4,261	6,357	9,135	33,224
Interest income from other receivables	-	61	-	104
Others	2,382	-	3,088	-
	<u>\$ 6,643</u>	<u>6,418</u>	<u>12,223</u>	<u>33,328</u>

(ii) Other income

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Rent income	\$ 500	71	1,279	492
Dividend income	-	24,424	-	24,424
Others	(397)	1,375	2,801	4,152
	<u>\$ 103</u>	<u>25,870</u>	<u>4,080</u>	<u>29,068</u>

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Gain (losses) on disposal of property, plant and equipment	\$ 438	(6,260)	438	(6,260)
Gain on disposal of investments (note 6(g))	-	19,468	97,365	19,468
Transaction costs of disposal of financial assets at fair value through other comprehensive income	-	-	(75,813)	-
Foreign exchange (losses) gains, net	1,007	(56,904)	(35,708)	(95,253)
Net gain (loss) on financial assets at fair value through profit or loss	(4,756)	(712)	(1,081)	(8,552)
Gain arising from lease modification	493	-	496	1,744
Others	(4,087)	(35)	(9,395)	(4,568)
	<u>\$ (6,905)</u>	<u>(44,443)</u>	<u>(23,698)</u>	<u>(93,421)</u>

(iv) Finance costs

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Interest expense on bank loans	\$ (2,855)	(7,067)	(9,667)	(16,518)
Lease liabilities	(506)	(500)	(1,684)	(1,426)
	<u>\$ (3,361)</u>	<u>(7,567)</u>	<u>(11,351)</u>	<u>(17,944)</u>

(w) Financial instruments

Except for the following disclosures, there was no significant change in the fair value of the Group's financial instruments and in the degree of exposure to credit risk and market risk arising from financial instruments. Please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2020 for the related information.

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Categories of financial instruments

1) Financial assets

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Financial assets at fair value through profit or loss — current and non-current	\$ 811,349	13,045	10,328
Financial assets at fair value through other comprehensive income	449,977	3,561,233	1,819,333
Financial assets at amortized cost:			
Cash and cash equivalents	4,203,881	1,533,311	731,093
Accounts receivable, net	505,170	303,743	1,007,025
Other receivables from related parties	-	-	17,564
Other financial assets — current and non-current	1,503,965	144,958	664,762
Refundable deposits	13,169	12,951	15,408
Subtotal	6,226,185	1,994,963	2,435,852
Total	<u>\$ 7,487,511</u>	<u>5,569,241</u>	<u>4,265,513</u>

2) Financial liabilities

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Financial liabilities at amortized cost:			
Short-term borrowings	\$ 100,000	-	71,844
Notes and accounts payable	215,401	254,432	334,431
Accrued expenses	303,375	427,882	452,976
Lease liabilities — current and non-current	120,359	155,587	146,737
Long-term debt	850,000	990,000	990,000
	<u>\$ 1,589,135</u>	<u>1,827,901</u>	<u>1,995,988</u>

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling their financial liabilities by delivering cash or another financial asset. The Group manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of loan agreements. As of September 30, 2021, December 31 and September 30, 2020 the Group had unused credit facilities of \$2,698,100, \$4,174,480 and \$3,149,756, respectively.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, including principal and interest.

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
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	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
September 30, 2021				
Short-term borrowings	\$ 100,069	100,069	-	-
Notes and accounts payable	215,401	215,401	-	-
Accrued expenses	303,375	303,375	-	-
Lease liabilities	124,032	35,755	88,277	-
Long-term debt	880,647	11,959	868,688	-
	<u>\$ 1,623,524</u>	<u>666,559</u>	<u>956,965</u>	<u>-</u>
December 31, 2020				
Short-term borrowings	\$ 234	234	-	-
Notes and accounts payable	254,432	254,432	-	-
Accrued expenses	427,882	427,882	-	-
Lease liabilities	160,928	45,059	115,869	-
Long-term debt	1,043,403	15,247	1,028,156	-
	<u>\$ 1,886,879</u>	<u>742,854</u>	<u>1,144,025</u>	<u>-</u>
September 30, 2020				
Short-term borrowings	\$ 72,090	72,090	-	-
Notes and accounts payable	334,431	334,431	-	-
Accrued expenses	452,976	452,976	-	-
Lease liabilities	156,197	38,305	113,928	3,964
Long-term debt	1,047,019	15,206	1,031,813	-
	<u>\$ 2,062,713</u>	<u>913,008</u>	<u>1,145,741</u>	<u>3,964</u>

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

(iii) Foreign currency risk

1) Exposure to foreign currency risk

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable/payable, financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income that are denominated in a currency other than the respective functional currencies.

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
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The carrying amounts of the Group's significant financial assets and liabilities denominated in a currency, other than the respective functional currencies of Group entities, were as follows (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

September 30, 2021					
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude of the exchange rate	Pre-tax effect on profit or loss (in thousands)
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 57,172	27.85	1,592,240	1 %	15,922
<u>Non-Monetary items</u>					
USD	26,505	27.85	738,164	1 %	7,382
<u>Financial liabilities</u>					
USD	13,405	27.85	373,329	1 %	3,733
December 31, 2020					
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude of the exchange rate	Pre-tax effect on profit or loss (in thousands)
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 59,468	28.48	1,693,649	1 %	16,936
<u>Non-Monetary items</u>					
USD	8,934	28.48	254,440	1 %	2,544
<u>Financial liabilities</u>					
USD	16,544	28.48	471,173	1 %	4,712
September 30, 2020					
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude of the exchange rate	Pre-tax effect on profit or loss (in thousands)
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 78,786	29.10	2,292,673	1 %	22,927
<u>Non-Monetary items</u>					
USD	7,796	29.10	226,864	1 %	2,269
<u>Financial liabilities</u>					
USD	25,035	29.10	728,519	1 %	7,285

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2) Gains or losses on monetary items

Information related to gains and losses (included unrealized and realized) by the fluctuation of foreign exchange rate is as follows:

	For the three months ended September 30			
	2021		2020	
	Foreign exchange gains (losses)	Average exchange rate	Foreign exchange gains (losses)	Average exchange rate
<u>Financial assets</u>				
USD:TWD	\$ 5,829	27.8604	(6,638)	29.4487
<u>Financial liabilities</u>				
USD:TWD	(5,019)	27.8604	(50,240)	29.4487
	For the nine months ended September 30			
	2021		2020	
	Foreign exchange gains (losses)	Average exchange rate	Foreign exchange gains (losses)	Average exchange rate
<u>Financial assets</u>				
USD:TWD	\$ (22,383)	28.0565	(33,550)	29.8027
<u>Financial liabilities</u>				
USD:TWD	(12,656)	28.0565	(61,710)	29.8027

(iv) Other market price risk

The investment target of the open-end mutual funds and unsecured bonds held by the Group are mostly bond or monetary funds. The Group anticipates that there is no significant market risk related to the funds and bonds.

Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments in listed and unlisted common shares (accounted for as financial assets at fair value through other comprehensive income) at each reporting date, the other comprehensive income for the nine months ended September 30, 2021 and 2020 would have increased or decreased by \$17,751 and \$90,967, respectively.

Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments in unlisted common shares and privately offered fund (accounted for as financial assets at fair value through profit or loss) at each reporting date, the net income before tax for the nine months ended September 30, 2021 and 2020 would have increased or decreased by \$3,152 and \$516, respectively.

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(v) Information on fair value

1) Financial instruments not measured at fair value

The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

2) Financial instruments measured at fair value

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The table below analyzes the financial instruments measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3, based on the degree to which the fair value is observable. The different levels have been defined as follows:

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

	September 30, 2021				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss :					
Open-end mutual fund	\$ 748,308	748,308	-	-	748,308
Unlisted common shares	34,827	-	-	34,827	34,827
Financial assets at fair value through profit or loss — non-current :					
Privately offered fund	<u>28,214</u>	<u>-</u>	<u>-</u>	<u>28,214</u>	<u>28,214</u>
Subtotal	<u>811,349</u>	<u>748,308</u>	<u>-</u>	<u>63,041</u>	<u>811,349</u>
Financial assets at fair value through other comprehensive income—non-current:					
Unlisted common shares	355,029	-	-	355,029	355,029
Unsecured bank bonds	47,937	47,937	-	-	47,937
Unsecured corporate bonds	<u>47,011</u>	<u>47,011</u>	<u>-</u>	<u>-</u>	<u>47,011</u>
Subtotal	<u>449,977</u>	<u>94,948</u>	<u>-</u>	<u>355,029</u>	<u>449,977</u>
	<u>\$ 1,261,326</u>	<u>843,256</u>	<u>-</u>	<u>418,070</u>	<u>1,261,326</u>

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	December 31, 2020				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss—non-current:					
Privately offered fund	\$ 13,045	-	-	13,045	13,045
Financial assets at fair value through other comprehensive income—non-current:					
Listed common shares	3,179,148	3,179,148	-	-	3,179,148
Unlisted common shares	<u>382,085</u>	<u>-</u>	<u>-</u>	<u>382,085</u>	<u>382,085</u>
Subtotal	<u>3,561,233</u>	<u>3,179,148</u>	<u>-</u>	<u>382,085</u>	<u>3,561,233</u>
	<u>\$ 3,574,278</u>	<u>3,179,148</u>	<u>-</u>	<u>395,130</u>	<u>3,574,278</u>
	September 30, 2020				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss—non-current:					
Privately offered fund	\$ 10,328	-	-	10,328	10,328
Financial assets at fair value through other comprehensive income—non-current:					
Listed common shares	1,588,108	1,588,108	-	-	1,588,108
Unlisted common shares	<u>231,225</u>	<u>-</u>	<u>-</u>	<u>231,225</u>	<u>231,225</u>
Subtotal	<u>1,819,333</u>	<u>1,588,108</u>	<u>-</u>	<u>231,225</u>	<u>1,819,333</u>
	<u>\$ 1,829,661</u>	<u>1,588,108</u>	<u>-</u>	<u>241,553</u>	<u>1,829,661</u>

3) Valuation techniques and assumptions used in fair value measurement

A financial instrument is regarded as being quoted in an active market if quoted prices are ready.

The fair value of open-end fund beneficiary certificates with standard terms and conditions and traded on active liquid markets are determined based on quoted market prices.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date.

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
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The fair value of unlisted common shares is estimated by using the market approach and is determined by reference to valuations of similar companies, recent financing activities, market conditions and other economic indicators.

4) Quantitative information of significant unobservable inputs

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Interrelationship between significant unobservable inputs and fair value measurement</u>
Equity investments measured at fair value through other comprehensive income	Comparable company valuation	Discount for lack of marketability (30%) Price-Book ratio (4.24, 4.19 and 3.9 on September 30, 2021, December 31 and September 30, 2020, respectively)	The estimated fair value would decrease if the discount for lack of marketability was higher The estimated fair value would increase if the Price-Book ratio was higher

5) Fair value measurements in Level 3— sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is reasonable, but it may change if different valuation models or inputs are used. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on other comprehensive income:

	<u>Input</u>	<u>Change in assumptions</u>	<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
September 30, 2021				
Equity investments measured at fair value through other comprehensive income	Price-Book ratio	1%	3,035	(3,035)
December 31, 2020				
Equity investments measured at fair value through other comprehensive income	Price-Book ratio	1%	3,386	(3,386)
September 30, 2020				
Equity investments measured at fair value through other comprehensive income	Price-Book ratio	1%	1,688	(1,688)

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
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The favorable and unfavorable effects represent the changes in fair value, which is based on a variety of unobservable inputs calculated using a valuation technique. If the fair value of a financial instrument is subject to more than one inputs, the analysis above reflects only the effects of changes in a single input and does not include the interrelationships with another input.

(vi) Transfer between fair value levels

There are no transfers between fair value levels for the nine months ended September 30, 2021 and 2020.

(vii) Movements in financial assets included Level 3 fair values hierarchy were as follows:

	For the three months ended September 30			
	2021		2020	
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
Opening Balance	\$ 57,985	395,635	9,534	231,225
Total gains or losses:				
Recognized in profit or loss	3,389	-	(472)	-
Recognized in other comprehensive income	-	(40,606)	-	-
Additions	2,652	-	1,266	-
Disposals	(985)	-	-	-
Ending Balance	<u>\$ 63,041</u>	<u>355,029</u>	<u>10,328</u>	<u>231,225</u>
	For the nine months ended September 30			
	2021		2020	
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
Opening Balance	\$ 13,045	382,085	5,309	195,216
Total gains or losses:				
Recognized in profit or loss	6,992	-	(182)	-
Recognized in other comprehensive income	-	(27,056)	-	(24,611)
Additions	51,057	-	5,201	60,620
Disposals	(8,053)	-	-	-
Ending Balance	<u>\$ 63,041</u>	<u>355,029</u>	<u>10,328</u>	<u>231,225</u>

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
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(x) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(x) of the consolidated financial statements for the year ended December 31, 2020.

(y) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2020. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2020. Please refer to note 6(y) of the consolidated financial statements for the year ended December 31, 2020 for further details.

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

(i) The Group's non-cash transactions from investing activities were acquisition of right-of-use assets by lease. Please refer to note 6(j).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes Additions to lease liabilities	September 30, 2021
Long-term debt	\$ 990,000	(140,000)	-	850,000
Short-term borrowings	-	100,000	-	100,000
Lease liabilities	<u>155,587</u>	<u>(33,541)</u>	<u>(1,687)</u>	<u>120,359</u>
Total amount of liabilities from financing activities	<u>\$ 1,145,587</u>	<u>(73,541)</u>	<u>(1,687)</u>	<u>1,070,359</u>
			Non-cash changes Additions to lease liabilities	
	January 1, 2020	Cash flows	Non-cash changes Additions to lease liabilities	September 30, 2020
Short-term borrowings	\$ 1,193,486	(1,121,642)	-	71,844
Long-term debt	-	990,000	-	990,000
Lease liabilities	<u>107,257</u>	<u>(27,144)</u>	<u>66,624</u>	<u>146,737</u>
Total amount of liabilities from financing activities	<u>\$ 1,300,743</u>	<u>(158,786)</u>	<u>66,624</u>	<u>1,208,581</u>

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7. Related-party transactions

(a) Names and relationship with related parties

The following are entities that have had transactions with related party during the reporting period.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Sirius Wireless Pte. Ltd.	Associates (The Group lost significant influence over the investee on January 31, 2021)

(b) Significant transactions with related parties

(i) Other receivables – related parties (loans)

<u>Account</u>	<u>Related-party categories</u>	<u>September 30, 2020</u>
Other receivables – loan	Associates	\$ 17,460
Other receivables – interest	Associates	104
		<u>\$ 17,564</u>

The Group loaned to the associate— Sirius Wireless Pte. Ltd. with the interest rate of 1.050%~2.537% in the first quarter of year 2020. For the three months and nine months ended September 30, 2020, the interest income amounted to \$61 and \$104, respectively. The loan receivables were fully collected in the fourth quarter of year 2020.

(c) Compensation for key management personnel

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 95,650	27,641	133,551	79,221
Post-employment benefits	297	252	855	782
Share-based payments	-	226	-	20,091
	<u>\$ 95,947</u>	<u>28,119</u>	<u>134,406</u>	<u>100,094</u>

Please refer to note 6(r) for information on share-based payment.

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
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8. Pledged assets

<u>Assets</u>	<u>Pledged to secure</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Other financial assets—current (time deposits)	Deposit for purchase fulfillment	\$ -	-	-
Other financial assets—current (bank deposits)	Performance guarantee	-	596	17,749
Other financial assets—non- current (time deposits)	Performance guarantee	403	449	427
		<u>\$ 403</u>	<u>1,045</u>	<u>18,176</u>

9. Significant commitments and contingencies

- (a) Shenzhen Goodix Technology Co., Ltd. (Goodix) has filed a patent infringement complaint with the Beijing Intellectual Property Court against the Company in July 2019, wherein it requested the Company to pay the compensation amounting to CNY 50,500 thousand for the damage. The Company received the complaint in August 2019, and submitted a request of patents invalidity to the China National Intellectual Property Administration (CNIPA). In February 2020, the Company received patent invalidation decision from CNIPA, which the patent asserted in patent infringement litigation against the Company was declared invalid by CNIPA. Therefore, the patent infringement lawsuit thus becomes baseless lawsuit. In March 2020, Beijing Intellectual Property Court issued a notice of dismissal, which the claim from Goodix was dismissed.
- (b) Shenzhen Goodix Technology Co., Ltd. (Goodix) has filed a patent infringement complaint with the Beijing Intellectual Property Court against the Company in July 2020, wherein it requested the Company to pay the compensation amounting to CNY 50,500 thousand for the damage. The Company received the complaint in July 21, 2020 and engaged attorney to take further action. The final result remains unknown and the management predicts no immediate material negative effect on the Group's operating and finance activities.
- (c) Shenzhen Goodix Technology Co., Ltd. (Goodix) has filed a patent infringement complaint with the Nanjing Intermediate People's Court against the Company in December 2020, wherein it requested the Company to pay the compensation amounting to CNY 50,500 thousand for the damage. The Company received the complaint in December 4, 2020 and engaged attorney to take further action. The final result remains unknown and the management predicts no immediate material negative effect on the Group's operating and finance activities.
- (d) Shenzhen Goodix Technology Co., Ltd. (Goodix) has filed a patent infringement complaint with the Fuzhou Intermediate People's Court against the Company in March 2021, wherein it requested the Company to pay the compensation amounting to CNY 50,050 thousand for the damage. The Company received the complaint in June 10, 2021 and engaged attorney to take further action. The final result remains unknown and the management predicts no immediate material negative effect on the Group's operating and finance activities.

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
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10. Significant loss from casualty: None.

11. Significant subsequent Events

- (a) On October 19, 2021, the Group acquired 20,000 thousand shares of Alcor Micro, Corp. at a price of \$794,600 (\$39.73 for each common share) through private offering and acquired 22.1% of its ownership. The investment in Alcor Micro, Corp. enables the Group to strengthen its layout in the AIoT industry.
- (b) On October 7, 2021, the Group acquired convertible bonds of SCT Holdings Ltd. at a price of \$281,525 (US \$10,000) in order to expand its market share and customers by integrating the Group's technology of AI algorithm and fingerprint identification as well as SCT Holdings Ltd.'s technology.
- (c) On October 7, 2021, the Group acquired convertible bonds of NetLink Communication Inc., at a price of \$140,763 (US \$5,000) to strengthen its layout in the AIoT industry.

12. Other

Employee benefits, depreciation and amortization of the Group were categorized by function as below:

By item	By function	For the three months ended September 30, 2021			For the three months ended September 30, 2020		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:							
Salaries		-	186,576	186,576	-	222,283	222,283
Labor and health insurance		-	10,801	10,801	-	10,009	10,009
Pension		-	7,139	7,139	-	6,468	6,468
Other employees' benefits		-	11,086	11,086	-	10,348	10,348
Depreciation		317	24,686	25,003	693	19,209	19,902
Amortization		-	8,073	8,073	-	10,128	10,128

By item	By function	For the nine months ended September 30, 2021			For the nine months ended September 30, 2020		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:							
Salaries		-	596,561	596,561	-	681,239	681,239
Labor and health insurances		-	34,146	34,146	-	31,628	31,628
Pension		-	23,701	23,701	-	19,552	19,552
Other employees' benefits		-	25,019	25,019	-	24,890	24,890
Depreciation		1,422	71,761	73,183	2,080	54,164	56,244
Amortization		-	22,245	22,245	-	30,281	30,281

- (b) The operation of the Group is not significantly influenced by seasonal or cyclical factors.

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13. Additional disclosures

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the nine months ended September 30, 2021:

(i) Financing provided to other parties:

(In Thousands of New Taiwan Dollars)

No	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the period	Ending Balance	Actually drawdown Amounts	Interest rate	Nature of Financing	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limit for each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
0	The Company	Igistec Co.Ltd	Other receivables from related parties	Yes	20,000	20,000	6,000	1%	2	-	Operating Requirements	-		-	106,164	212,327

Note 1: Parties to the intercompany transactions are identified and numbered as follows:

1. “0” represents the Company.
2. Subsidiaries are numbered from “1”.

Note 2: The aggregate financing amount shall not exceed 30% of the paid-in capital of the Company, within which the financing amount for the entities the Company has business transaction with shall not exceed 75% of the abovementioned aggregate financing amount, and the short-term financing amount shall not exceed 50% of the abovementioned aggregate financing amount. The individual financing amount shall not exceed 15% of the paid-in capital of the Company, within which the financing amount for the entities the Company has business transaction with shall not exceed the transaction amount, and the short-term financing amount shall not exceed 15% of the net worth of the Company.

Note 3: Nature of Financing

- 1 for entities the Company has business transactions with
- 2 for entities with short-term financing needs

(ii) Guarantees and endorsements provided to other parties:

(In Thousands of New Taiwan Dollars and US Dollars)

No.	Endorsement/ Guarantee Provide	Guaranteed party		Limitation on Endorsement/ Guarantee Amount Provided to Each Guarantee Party (note 2)	Maximum Balance for the period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement /Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (note 1)										
0	The Company	CoreSystem Technology Limited	1	895,283	114,140 (USD 4,000)	111,400	-	-	1.75 %	3,187,885 (Note 2)	N	N	Y

Note 1: Relationships between the endorsement/guarantee provider and the guaranteed party:

- 1 for entities which the Company has business transactions with

Note 2: Both endorsement/guarantee amount provided in aggregate and provided to individual guarantee party shall not exceed 50% of the most recent audited or reviewed net worth of the Company, within which the endorsement/guarantee amount provided to individual guarantee party that has business transaction with the Company shall not exceed the transaction amount between both parties from the most recent audited or reviewed financial statements.

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
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- (iii) Marketable securities held at reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Gingy Technology Inc.	-	Financial assets at fair value through other comprehensive income	314	1,629	1.86 %	1,629	
The Company	Integrated Digital Technologies, Inc.	-	Financial assets at fair value through other comprehensive income	4,000	-	13.96 %	-	
The Company	AIStorm, Inc.	-	Financial assets at fair value through other comprehensive income	5,053	287,031	19.33 %	287,031	
The Company	MEMS DRIVE INC.	-	Financial assets at fair value through other comprehensive income	188	43,204	3.25 %	43,204	
The Company	ION ELECTRONIC MATERIALS CO.,LTD	-	Financial assets at fair value through other comprehensive income	1,000	23,165	7.14 %	23,165	
The Company	Bank of America Corporation USD Senior Unsecured	-	Financial assets at fair value through other comprehensive income	-	47,937	-	47,937	
The Company	PEMEX 6.5 03/13/27	-	Financial assets at fair value through other comprehensive income	-	47,011	-	47,011	
The Company	Vertex Growth (SG) LP	-	Financial assets at fair value through profit or loss – non-current	-	25,462	-	25,462	
The Company	Vertex Venture (SG) SEA IV LP	-	Financial assets at fair value through profit or loss – non-current	-	2,752	-	2,752	
The Company	Sirius Wireless Pte.Ltd	-	Financial assets at fair value through profit or loss – current	10,020	34,827	12.51 %	34,827	
The Company	M&G (Lux) Investment Funds 1 – M&G (Lux) Optimal Income Fund USD A-H M Dis	-	Financial assets at fair value through profit or loss – current	-	100,061	-	100,061	
The Company	Allianz Global Investors US Short Duration High Income Bond Fund B TWD	-	Financial assets at fair value through profit or loss – current	-	98,336	-	98,336	
The Company	KGI Global ESG Sustainable High Yield Bond Fund	-	Financial assets at fair value through profit or loss – current	-	99,133	-	99,133	
The Company	JPMorgan Funds – Income Fund – JPM Income A (acc) – USD	-	Financial assets at fair value through profit or loss – current	-	99,818	-	99,818	
The Company	PineBridge Preferred Securities Income Fund A TWD	-	Financial assets at fair value through profit or loss – current	-	100,178	-	100,178	
The Company	Nomura Fallen Angel High Yield Bond Fund	-	Financial assets at fair value through profit or loss – current	-	100,430	-	100,430	
The Company	BlackRock Global Funds - Global High Yield Bond Fund	-	Financial assets at fair value through profit or loss – current	-	50,070	-	50,070	
The Company	Cathay US Asset Income Fund	-	Financial assets at fair value through profit or loss – current	-	100,282	-	100,282	

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- (iv) Marketable securities for which the accumulated purchase or sale amounts exceed \$300 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisitions		Disposal				Ending Balance	
					Shares/Units (in thousands)	Amount	Shares/Units (in thousands)	Amount	Shares/Units (in thousands)	Amount	Carrying Value	Gain(Loss) on Disposal	Shares/Units (in thousands)	Amount
The Company	Common Shares-FocalTech Systems Co., Ltd.	Financial assets at fair value through other comprehensive income – non-current			33,967	3,175,875	-	-	33,967	6,759,348	1,408,124	5,351,224	-	-
Sense Investment and Consulting Inc.	Common Shares-FocalTech Systems Co., Ltd.	Financial assets at fair value through other comprehensive income – non-current			35	3,273	-	-	35	7,106	1,460	5,646	-	-

- (v) Acquisition of real estate which exceeds \$300 million or 20% of the paid-in capital: None.
- (vi) Disposal of real estate which exceeds \$300 million or 20% of the paid-in capital: None.
- (vii) Total purchases from and sales to related parties which exceed \$100 million or 20% of the paid-in capital: None.
- (viii) Receivables from related parties which exceed \$100 million or 20% of the paid-in capital: None.
- (ix) Information about derivative instrument transactions: None.
- (i) Business relationships and significant intercompany transactions: None.
- (b) Information on investees:

Names, locations, and related information of investees over which the Company exercises significant influence for the nine months ended September 30, 2021 (excluding investee companies in Mainland China):

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2021			Net Income (Losses) of the Investee	Share of Profit / (Losses) of Investee	Note
				September 30, 2021	December 31, 2020	Shares (in thousands)	Percentage of Ownership	Carrying Value			
The Company	Egis Technology (Japan) Inc.	Japan	Customer service, business promotion and technical service	109,279	109,279	7,680	100.00 %	619	906	906	Parent/subsidiary
The Company	Egis Technology Korea Inc.	Korea	Customer service, business promotion and technical service	18,233	18,233	20	100.00 %	24,996	357	357	Parent/subsidiary
The Company	Igistec Co., Ltd.	Taiwan	Technology development	59,497	59,497	16,527	74.69 %	13,207	(9,054)	(8,677)	Parent/subsidiary
The Company	Sirius Wireless Pte. Ltd.	Singapore	Technology development	-	61,760	-	-	-	(3,073)	(1,640)	Associates
The Company	Sense Investment and Consulting Inc.	Taiwan	Investment and holding activity	1,880	1,880	167	100.00 %	6,564	(23)	(23)	Parent/subsidiary
The Company	Vitrio Technology Corporation	Taiwan	Technology development	4,970	4,970	142	50.00 %	-	(3,238)	(2,085)	Joint venture
The Company	Luxsentek Microelectronics Corp.	Taiwan	Technology development	140,000	45,000	14,000	86.93 %	102,461	(33,789)	(26,755)	Parent/subsidiary

Note: The above intercompany transactions of subsidiaries have been eliminated when preparing the consolidated financial statements.

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(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2021	Net income (losses) of the investee	% of Ownership of Direct or Indirect Investment	Investment income (losses)	Carrying Value as of September 30, 2021 (Note 2)	Accumulated Inward Remittance of Earnings as of September 30, 2021 (Note 2)
					Outflow	Inflow						
Egis Intelligent (Shanghai) Co., Ltd	Customer service, business promotion and technical service	55,521	(Note 1)	-	55,700	-	55,700	(43)	100.00%	(43)	55,478	-

Note 1: Direct investment in Mainland China.

Note 2: The above amount has been eliminated when preparing the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars and US Dollars)

Accumulated Investment in Mainland China as of September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
55,700 (USD2,000)	55,700 (USD2,000)	3,825,461

Note 1: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1=NT\$27.85.

(iii) Significant transactions with investee companies in Mainland China:

The transactions between the Company and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

(d) Information on major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Sen-Chou Lo		3,546,262	5.01 %

14. Segment information

The Group is mainly engaged in the research and development, design and sale of data security software and biometric identification software and hardware. The overall operating results are regularly reviewed by the Group's chief operating decision maker to assess its performance. Therefore, the Group has only one reportable segment. For the nine months ended September 30, 2021 and 2020, there were no material inconsistency between the reportable segment profit or loss and the consolidated financial statements.