

**EGIS TECHNOLOGY INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2022 AND 2021**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Egis Technology Inc. and its subsidiaries (the "Group") as at September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the related consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our reviews and the review reports of other independent auditors.

Scope of Review

Except as explained in the Basis for Qualified Conclusion, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Statements". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note 6(7), the financial statements of certain investments accounted for using equity method were not reviewed by independent auditors. The balance of these investments accounted for using equity method amounted to NT\$367,713 thousand as at September 30, 2022, and the share of comprehensive loss of associates accounted for using equity method amounted to (NT\$4,863) thousand and (NT\$5,886) thousand for the three months and nine months then ended, respectively.

Qualified Conclusion

Based on our reviews and the review reports of other independent auditors as described in the Other Matter—Review Reports By Other Independent Auditors section of our report, except for the possible

effects of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2022, and of its consolidated financial performance for the three months and nine months then ended as well as its consolidated cash flows for the nine months then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter—Review Reports By Other Independent Auditors

We did not review the financial statements of certain investments accounted for using the equity method which were reviewed by other independent auditors. The balance of these investments accounted for using equity method as at September 30, 2022 was NT\$1,386,444 thousand, and the comprehensive loss recognised from these investees accounted for using the equity method amounted to (NT\$14,119) thousand and (NT\$37,061) thousand for the three months and nine months then ended, respectively.

Other Matter – Reference to the Audits of Other Auditors

The consolidated financial statements of the Group for the nine months ended September 30, 2021 were reviewed by other auditors whose conclusion dated November 10, 2021 expressed an unmodified opinion on those statements.

Huang, Pei-Chuan Chen, Chin-Chang

for and on behalf of PricewaterhouseCoopers, Taiwan

November 11, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the review of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and review report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Assets	Notes	September 30, 2022		December 31, 2021		September 30, 2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,538,188	13	\$ 2,325,144	26	\$ 4,203,881	48
1110	Financial assets at fair value through profit or loss - current	6(2)	1,212,961	10	798,248	9	783,135	9
1120	Current financial assets at fair value through other comprehensive income	6(3)	27,223	-	-	-	-	-
1136	Current financial assets at amortised cost	6(4) and 8	630,702	5	677,300	8	1,379,000	16
1170	Accounts receivable, net	6(5)	537,980	5	608,734	7	505,170	6
1180	Accounts receivable due from related parties, net	7	489	-	-	-	-	-
1200	Other receivables		113,562	1	76,894	1	150,150	2
130X	Inventory	6(6)	1,771,289	15	606,684	7	542,693	6
1410	Prepayments		144,308	1	114,343	1	120,993	1
1470	Other current assets		5,460	-	876	-	1,928	-
11XX	Total current assets		<u>5,982,162</u>	<u>50</u>	<u>5,208,223</u>	<u>59</u>	<u>7,686,950</u>	<u>88</u>
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)	925,319	8	583,356	6	28,214	1
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8	1,963,885	16	409,070	5	449,977	5
1535	Non-current financial assets at amortised cost	6(4) and 8	24,470	-	400	-	403	-
1550	Investments accounted for using equity method	6(7)	1,761,657	15	1,444,578	16	-	-
1600	Property, plant and equipment	6(8)	131,873	1	94,724	1	99,382	1
1755	Right-of-use assets	6(9)	204,805	2	110,902	1	113,470	1
1780	Intangible assets	6(10)	673,087	6	194,247	2	203,311	3
1840	Deferred income tax assets		164,114	1	146,444	2	94,218	1
1960	Non-current prepayments for investments	6(11)	-	-	672,000	8	-	-
1990	Other non-current assets	6(6)	148,248	1	15,650	-	18,436	-
15XX	Total non-current assets		<u>5,997,458</u>	<u>50</u>	<u>3,671,371</u>	<u>41</u>	<u>1,007,411</u>	<u>12</u>
1XXX	Total assets		<u>\$ 11,979,620</u>	<u>100</u>	<u>\$ 8,879,594</u>	<u>100</u>	<u>\$ 8,694,361</u>	<u>100</u>

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity		Notes	September 30, 2022		December 31, 2021		September 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Liabilities								
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 1,040,000	9	\$ 100,000	1	\$ 100,000	1
2170	Accounts payable		369,286	3	331,422	4	215,401	2
2200	Other payables	6(13)	561,035	5	451,602	5	311,257	4
2220	Other payables to related parties	7	20,995	-	-	-	-	-
2230	Current income tax liabilities		85,172	1	603,949	7	631,335	7
2280	Current lease liabilities	6(9)	76,055	1	33,951	-	35,515	-
2320	Long-term liabilities, current portion	6(14)	365,455	3	37,500	1	-	-
2365	Current refund liabilities		68,692	-	75,139	1	63,098	1
2399	Other current liabilities	6(21)	17,109	-	13,248	-	8,812	-
21XX	Total current liabilities		<u>2,603,799</u>	<u>22</u>	<u>1,646,811</u>	<u>19</u>	<u>1,365,418</u>	<u>15</u>
Non-current liabilities								
2540	Long-term borrowings	6(14)	1,352,200	11	812,500	9	850,000	10
2570	Deferred income tax liabilities		50,355	1	1,995	-	-	-
2580	Non-current lease liabilities	6(9)	138,252	1	85,738	1	84,844	1
2600	Other non-current liabilities		3,165	-	-	-	-	-
25XX	Total non-current liabilities		<u>1,543,972</u>	<u>13</u>	<u>900,233</u>	<u>10</u>	<u>934,844</u>	<u>11</u>
2XXX	Total liabilities		<u>4,147,771</u>	<u>35</u>	<u>2,547,044</u>	<u>29</u>	<u>2,300,262</u>	<u>26</u>
Equity								
Share capital								
3110	Common stock	6(17)	692,718	6	692,718	8	707,758	8
Capital surplus								
3200	Capital surplus	6(18)	972,256	8	968,659	11	989,391	11
Retained earnings								
3310	Legal reserve	6(19)	725,338	6	284,300	3	284,300	3
3320	Special reserve		75,368	-	-	-	-	-
3350	Unappropriated retained earnings		2,631,301	22	4,450,106	50	4,568,801	53
Other equity interest								
3400	Other equity interest	6(20)	(833,901)	(7)	(75,368)	(1)	(24,581)	-
3500	Treasury shares	6(17)	-	-	-	-	(149,900)	(1)
31XX	Equity attributable to owners of parent		<u>4,263,080</u>	<u>35</u>	<u>6,320,415</u>	<u>71</u>	<u>6,375,769</u>	<u>74</u>
36XX	Non-controlling interests	6(29)	<u>3,568,769</u>	<u>30</u>	<u>12,135</u>	<u>-</u>	<u>18,330</u>	<u>-</u>
3XXX	Total equity		<u>7,831,849</u>	<u>65</u>	<u>6,332,550</u>	<u>71</u>	<u>6,394,099</u>	<u>74</u>
Significant contingent liabilities								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 11,979,620</u>	<u>100</u>	<u>\$ 8,879,594</u>	<u>100</u>	<u>\$ 8,694,361</u>	<u>100</u>

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)
(UNAUDITED)

	Items	Notes	Three months ended September 30				Nine months ended September 30			
			2022		2021		2022		2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(21) and 7	\$ 795,103	100	\$ 815,411	100	\$ 2,443,356	100	\$ 2,631,666	100
5000	Operating costs	6(6)(26)	(516,141)	(65)	(502,124)	(62)	(1,556,652)	(64)	(1,606,578)	(61)
5900	Net operating margin		278,962	35	313,287	38	886,704	36	1,025,088	39
	Operating expenses	6(26) and 7								
6100	Selling expenses		(77,084)	(10)	(29,595)	(4)	(134,241)	(5)	(93,398)	(4)
6200	General and administrative expenses		(114,817)	(15)	(93,858)	(11)	(284,701)	(12)	(261,647)	(10)
6300	Research and development expenses		(424,821)	(53)	(251,126)	(31)	(1,071,237)	(44)	(882,629)	(33)
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9		(483)	-	-	-	(483)	-	-	-
6000	Total operating expenses		(617,205)	(78)	(374,579)	(46)	(1,490,662)	(61)	(1,237,674)	(47)
6900	Operating loss		(338,243)	(43)	(61,292)	(8)	(603,958)	(25)	(212,586)	(8)
	Non-operating income and expenses									
7100	Interest income	6(22)	10,660	1	6,643	1	23,275	1	12,223	-
7010	Other income	6(23)	46,877	6	103	-	51,523	2	4,080	-
7020	Other gains and losses	6(24)	35,148	5	(6,905)	(1)	97,505	4	(23,698)	(1)
7050	Finance costs	6(25)	(10,205)	(1)	(3,361)	-	(19,757)	(1)	(11,351)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	(20,662)	(3)	-	-	(28,656)	(1)	(3,725)	-
7000	Total non-operating income and expenses		61,818	8	(3,520)	-	123,890	5	(22,471)	(1)
7900	Loss before income tax		(276,425)	(35)	(64,812)	(8)	(480,068)	(20)	(235,057)	(9)
7950	Income tax (expense) benefit	6(27)	46,034	6	12,454	1	(82,131)	(3)	48,720	2
8000	Loss for the period from operations		(230,391)	(29)	(52,358)	(7)	(562,199)	(23)	(186,337)	(7)
8200	Loss for the period		(\$ 230,391)	(29)	(\$ 52,358)	(7)	(\$ 562,199)	(23)	(\$ 186,337)	(7)

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)
(UNAUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2022		2021		2022		2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
Components of other comprehensive income that will not be reclassified to profit or loss										
8316		Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income								
			(\$ 255,780) (32)	(\$ 40,605) (5)		(\$ 770,123) (32)		\$ 3,560,251	135	
8320		Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss								
			-	-		(31,535) (1)		-	-	
8349	6(27)	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss						(642,816)	(24)	
8310		Other comprehensive income that will not be reclassified to profit or loss								
			(255,780) (32)	(40,605) (5)		(801,658) (33)		2,917,435	111	
Components of other comprehensive income that will be reclassified to profit or loss										
8361		Exchange differences on translation	6,753	1	(1,781)	-	7,442	-	(3,514)	-
8367		Unrealised gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	3,318	-	(1,097)	-	(8,290)	-	(2,421)	-
8370		Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	2,484	-	-	-	3,684	-	(9)	-
8360		Other comprehensive income that will be reclassified to profit or loss	12,555	1	(2,878)	-	2,836	-	(5,944)	-
8300		Other comprehensive income (loss) for the period, net of tax	(\$ 243,225)	(31)	(\$ 43,483)	(5)	(\$ 798,822)	(33)	\$ 2,911,491	111
8500		Total comprehensive income (loss) for the period	(\$ 473,616)	(60)	(\$ 95,841)	(12)	(\$ 1,361,021)	(56)	\$ 2,725,154	104
Profit (loss) attributable to:										
8610		Owners of parent	(\$ 251,926)	(32)	(\$ 49,894)	(7)	(\$ 578,970)	(24)	(\$ 176,363)	(7)
8620		Non-controlling interests	21,535	3	(2,464)	-	16,771	1	(9,974)	-
			(\$ 230,391)	(29)	(\$ 52,358)	(7)	(\$ 562,199)	(23)	(\$ 186,337)	(7)
Comprehensive income attributable to:										
8710		Owners of parent	(\$ 484,127)	(61)	(\$ 93,377)	(12)	(\$ 1,366,768)	(56)	\$ 2,735,128	104
8720		Non-controlling interests	10,511	1	(2,464)	-	5,747	-	(9,974)	-
			(\$ 473,616)	(60)	(\$ 95,841)	(12)	(\$ 1,361,021)	(56)	\$ 2,725,154	104
Loss per share (in dollars)										
9750		Basic loss per share	(\$ 3.64)		(\$ 0.72)		(\$ 8.36)		(\$ 2.55)	
9850		Diluted loss per share	(\$ 3.64)		(\$ 0.72)		(\$ 8.36)		(\$ 2.55)	

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Notes	Equity attributable to owners of the parent											
	Share capital - common stock	Total capital surplus, additional paid-in capital	Retained Earnings			Other Equity Interest			Treasury shares	Total	Non-controlling interests	Total
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income					
<u>Nine months ended September 30, 2021</u>												
	\$ 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	
	-	-	-	-	(176,363)	-	-	-	(176,363)	(9,974)	(186,337)	
	-	-	-	-	-	(3,523)	2,915,014	-	2,911,491	-	2,911,491	
	-	-	-	-	(176,363)	(3,523)	2,915,014	-	2,735,128	(9,974)	2,725,154	
6(19)	Appropriations and distribution of 2020 retained earnings:											
	-	-	60,231	-	(60,231)	-	-	-	-	-	-	
	-	-	-	(81,463)	81,463	-	-	-	-	-	-	
	-	-	-	-	(1,039,136)	-	-	-	(1,039,136)	-	(1,039,136)	
	(6,000)	(68,643)	-	-	(4,232)	-	-	78,875	-	-	-	
	-	-	-	-	-	762	-	-	762	-	762	
	-	-	-	-	4,714,054	-	(4,714,054)	-	-	-	-	
	-	-	-	-	(4,383)	-	-	-	(4,383)	4,383	-	
6(16)	-	74	-	-	-	-	-	-	74	-	74	
	<u>\$ 707,758</u>	<u>\$ 989,391</u>	<u>\$ 284,300</u>	<u>\$ -</u>	<u>\$ 4,568,801</u>	<u>(\$ 649)</u>	<u>(\$ 23,932)</u>	<u>(\$ 149,900)</u>	<u>\$ 6,375,769</u>	<u>\$ 18,330</u>	<u>\$ 6,394,099</u>	
<u>Nine months ended September 30, 2022</u>												
	\$ 692,718	\$ 968,659	\$ 284,300	\$ -	\$ 4,450,106	(\$ 594)	(\$ 74,774)	\$ -	\$ 6,320,415	\$ 12,135	\$ 6,332,550	
	-	-	-	-	(578,970)	-	-	-	(578,970)	16,771	(562,199)	
	-	-	-	-	-	6,648	(794,446)	-	(787,798)	(11,024)	(798,822)	
	-	-	-	-	(578,970)	6,648	(794,446)	-	(1,366,768)	5,747	(1,361,021)	
6(19)	Appropriations and distribution of 2021 retained earnings:											
	-	-	441,038	-	(441,038)	-	-	-	-	-	-	
	-	-	-	75,368	(75,368)	-	-	-	-	-	-	
	-	-	-	-	(692,718)	-	-	-	(692,718)	-	(692,718)	
	-	1,435	-	-	-	-	-	-	1,435	3,674	5,109	
	-	-	-	-	(30,561)	(2,317)	31,582	-	(1,296)	-	(1,296)	
	-	2,162	-	-	(150)	-	-	-	2,012	-	2,012	
	-	-	-	-	-	-	-	-	-	3,547,213	3,547,213	
	<u>\$ 692,718</u>	<u>\$ 972,256</u>	<u>\$ 725,338</u>	<u>\$ 75,368</u>	<u>\$ 2,631,301</u>	<u>\$ 3,737</u>	<u>(\$ 837,638)</u>	<u>\$ -</u>	<u>\$ 4,263,080</u>	<u>\$ 3,568,769</u>	<u>\$ 7,831,849</u>	

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine months ended September 30	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 480,068)	(\$ 235,057)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(26)	91,450	73,183
Loss (gain) on disposal of investments accounted for using equity method	6(24)	32,164	(97,365)
Amortisation	6(10)(26)	45,160	22,245
Share of loss of associates accounted for using equity method	6(7)	28,656	3,725
Loss on financial assets at fair value through profit or loss, net	6(2)(24)	28,827	1,081
Interest expense	6(25)	19,757	11,351
Share-based payments	6(16)	-	74
Expected credit loss	6(5)	483	-
Gains on disposals of property, plant and equipment	6(24)	(1,006)	(438)
Gain from lease modification	6(24)	-	(496)
Interest income	6(22)	(23,275)	(12,223)
Dividend income	6(23)	(45,676)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable (including due from related parties)		396,072	(201,427)
Other receivables		13,236	(138,890)
Inventories		(530,175)	(159,167)
Prepayments		41,886	19,592
Other current assets		(655)	(1,928)
Changes in operating liabilities			
Accounts payable		(307,230)	(39,031)
Other payables		(285,341)	(119,914)
Other payables to related parties		20,995	-
Current refund liabilities		(6,447)	(35,968)
Other current liabilities		(9,149)	3,556
Other non-current liabilities		3,165	-
Cash outflow generated from operations		(967,171)	(907,097)
Income taxes paid		(609,908)	(8,563)
Interest received		21,539	10,556
Interest paid		(16,942)	(10,165)
Cash dividends received		45,676	-
Net cash flows used in operating activities		(1,526,806)	(915,269)

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine months ended September 30	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 758,209)	(\$ 958,455)
Proceeds from disposal of financial assets at fair value through profit or loss		549,939	201,672
Acquisition of financial assets at fair value through other comprehensive income		(1,835,330)	(97,421)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	-	6,766,454
Acquisition of financial assets at amortised cost		(1,141)	(1,235,504)
Proceeds from disposal of financial assets at amortised cost		645,736	-
Acquisition of investments accounted for using equity method		(80,800)	-
Proceeds from disposal of investments accounted for using equity method		9,773	97,825
Acquisition of property, plant and equipment	6(8)	(27,644)	(37,680)
Proceeds from disposal of property, plant and equipment		4,322	2,903
Acquisition of intangible assets	6(10)	(45,599)	(32,402)
Cash flows generated from acquisition of subsidiaries	6(31)	1,261,522	-
Increase in other non-current assets		(23,285)	(5,485)
Collection of prepayments for investments	6(11)	134,400	-
Net cash flows (used in) from investing activities		(166,316)	4,701,907
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		790,000	100,000
Proceeds from long-term debt		1,477,500	-
Repayments of long-term debt		(617,118)	(140,000)
Payments of lease liabilities		(45,687)	(33,541)
Cash dividends paid	6(19)	(692,718)	(1,039,136)
Net cash flows from (used in) financing activities		911,977	(1,112,677)
Effect of exchange rate changes		(5,811)	(3,391)
Net (decrease) increase in cash and cash equivalents		(786,956)	2,670,570
Cash and cash equivalents at beginning of period		2,325,144	1,533,311
Cash and cash equivalents at end of period		\$ 1,538,188	\$ 4,203,881

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

EGIS TECHNOLOGY INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

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

1. History and Organisation

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

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

These financial statements were authorised for issuance by the Board of Directors on November 11, 2022.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts - cost of fulfilling a	January 1, 2022
Annual improvements to IFRSs 2018- 2020 cycle	January 1, 2022

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 - comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment. Except for Amendments to IAS 1, ‘Classification of liabilities as current or non-current’, 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.

4. Summary of Significant Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2021, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

(2) Basis of preparation

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for the preparation of consolidated financial statements is consistent with those for the preparation of the consolidated financial statements for the year ended December 31, 2021.

B. Subsidiaries included in the consolidated financial statements:

No.	Investor	Name of subsidiary	Main business activities	September 30, 2021	December 31, 2021	September 30, 2021	Description
1	Egis Technology Inc.	Egis Technology (Japan) Inc. (Japan)	Customer service, business promotion and technical service	100.00	100.00	100.00	
2	"	Egis Technology Korea Inc. (Korea)	Customer service, business promotion and technical service	100.00	100.00	100.00	
3	"	Igistec Co., Ltd.	Technology development	74.69	74.69	74.69	
4	"	Sense Investment and Consulting Inc.	Holding activity	100.00	100.00	100.00	
5	"	Luxsentek Microelectronics Corp.	Technology development	86.93	86.93	86.93	
6	"	Egis Intelligent (Shanghai) Co., Ltd.	Customer service, business promotion and technical service	100.00	100.00	100.00	
7	"	Egis (Hong Kong) Limited	Holding activity	100.00	100.00	100.00	Note 1
8	"	VASUBI Technology Inc.	Technology development	100.00	-	-	Note 2
9	"	NUI Technology Inc.	Technology development	100.00	-	-	"
10	"	Taurus Wireless Inc.	Technology development	100.00	-	-	"
11	"	Alcor Micro, Corp. ("Alcor")	Wholesale of electronic material, development and design of IC and international trading, etc.	22.01	22.21	-	Note 3
12	Alcor	Alcor Micro Technology, Inc. (AMTI)	Investment and holding activity	100.00	-	-	"
13	"	Syncomm Technology Corp.(Syncomm)	Development, design and sales of IC	26.72	-	-	Note 3 and 4
14	"	Alcorlink Corp.(Alcorlink)	Development, design and sales of IC	49.99	-	-	"
15	"	Chun-Feng Investment Limited (Chun-Feng)	General investment business	100.00	-	-	Note 3
16	"	ENE Technology Inc. (ENE)	Development, design and sales of IC	17.65	-	-	Note 3 and 4
17	AMTI	Alcor Micro Tech. (ShenZhen) Ltd.	After sales service and collection of business intelligence	100.00	-	-	Note 3
18	"	Alcor Micro Technology (H.K.) Limited (AMTHK)	Management and sales of electronic products	100.00	-	-	Note 3
19	Chun-Feng	Syncomm Technology Corp.(Syncomm)	Development, design and sales of IC	5.44	-	-	Note 3 and 4
20	ENE	ENE Touch Technology Co., Ltd. (ENE Touch)	Wholesale of electronic material	100.00	-	-	Note 3

Note 1: Egis (Hong Kong) Limited was incorporated on August 17, 2015 and the capital injection has not been completed by the Group.

Note 2: VASUBI Technology Inc., NUI Technology Inc. and Taurus Wireless Inc. were established in 2022.

Note 3: Alcor was a subsidiary which was acquired on July 11, 2022. Although the Group's shareholding ratio in Alcor was less than 50%, the Group obtained the majority voting rights in the Board of Directors through effective agreements with other shareholders. Thus, Alcor was included in the consolidated financial statements. Refer to Note 6(7)B for details.

Note 4: The Group's subsidiary, Alcor, was the single major shareholder of Syncomm, Alcorlink and ENE. Although the direct shareholding ratio did not reach 50%, Alcor had substantial decision-making power on each companies' finance, operations and personnel administration, and in the conduct of their main business activities. Further, during the shareholders' meeting of each companies, Alcor has obtained the majority voting right, and has substantial control power. Thus, they were included in the consolidated financial statements.

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

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

E. Significant restrictions on fund remittance from subsidiaries to the parent company: None.

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

As of December 31, 2021 and September 30, 2021, the Group had no subsidiaries with significant non-controlling interests. As of September 30, 2022, the non-controlling interest amounted to \$3,568,769. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest	
		September 30, 2022	
		Amount	Ownership (%)
Alcor and its subsidiaries	Taiwan	\$ 3,564,111	77.99%

Balance sheets

	<u>September 30, 2022</u>
	<u>Alcor and its subsidiaries</u>
Current assets	\$ 3,479,090
Non-current assets	1,498,137
Current liabilities	(612,463)
Non-current liabilities	(94,343)
Total net assets	<u>\$ 4,270,421</u>

Statement of comprehensive income

	<u>From July 11, 2022 to</u>
	<u>September 30, 2022</u>
	<u>Alcor and its subsidiaries</u>
Revenue	<u>\$ 392,728</u>
Profit before income tax	\$ 23,732
Income tax expense	<u>1,529</u>
Profit, net of tax	25,261
Other comprehensive income	<u>14,164</u>
Total comprehensive income	<u>\$ 39,425</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 30,748</u>

Statement of cash flows

	<u>From July 11, 2022 to</u>
	<u>September 30, 2022</u>
	<u>Alcor and its subsidiaries</u>
Net cash used in operating activities	(\$ 41,050)
Net cash used in investing activities	(69,829)
Net cash used in financing activities	<u>(255,013)</u>
Decrease in cash and cash equivalents	<u>(365,892)</u>
Cash and cash equivalents, beginning of period	<u>1,341,963</u>
Cash and cash equivalents, end of period	<u>\$ 976,071</u>

(4) Property, plant and equipment

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate

under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Information equipment	2 to 6 years
Research and development equipment	2 to 6 years
Leasehold improvements	3 to 5 years
Others	2 to 10 years

(5) Intangible assets

- A. Goodwill: Goodwill arises in a business combination accounted for by applying the acquisition method.
- B. Patent, technical skill, customer relationship and software cost were stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 15 years.

(6) Employee benefits

- A. Salaries and other short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

- B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(7) Income tax

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

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

The additional disclosures are set out below. For the rest of the information, refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021.

The Company held 22.01% of voting rights in Alcor, and was its single major shareholder. On June 15, 2022, Alcor reelected its directors and chairman during the shareholders' meeting, and Company held 3 board seats. On July 11, 2022, the Company obtained a support agreement from 2 other directors indicating that they support the Company's management strategy, and accordingly, the Company obtained substantial control over Alcor in the Board of Directors. Therefore, the Company recognised Alcor as its subsidiary and included it in the consolidated entities.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand and revolving funds	\$ 1,592	\$ 746	\$ 870
Checking accounts and demand deposits	1,174,938	589,278	1,225,211
Time deposits	361,658	1,535,120	2,977,800
Bonds sold under repurchase agreement	-	200,000	-
	<u>\$ 1,538,188</u>	<u>\$ 2,325,144</u>	<u>\$ 4,203,881</u>

A. Aforementioned time deposits pertain to high liquidity investments with a maturity of less than 3 months.

B. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

C. The Group has no cash and cash equivalents pledged to others.

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

<u>Items</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 1,074,451	\$ 763,422	\$ 748,308
Principal protected note	120,282	-	-
Foreign unlisted stocks	18,228	34,826	34,827
	<u>\$ 1,212,961</u>	<u>\$ 798,248</u>	<u>\$ 783,135</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Convertible bonds	\$ 189,293	\$ 450,038	\$ -
Beneficiary certificates	115,336	97,500	-
Private placement funds	64,678	35,818	28,214
Domestic listed stocks	407,012	-	-
Domestic unlisted stocks	149,000	-	-
	<u>\$ 925,319</u>	<u>\$ 583,356</u>	<u>\$ 28,214</u>

- A. For the three months and nine months ended September 30, 2022 and 2021, the Group recognised net loss on financial assets at fair value through profit or loss in the amount of (\$3,080), (\$4,756), (\$28,827) and (\$1,081), respectively.
- B. The Group has no financial assets at fair value through profit or loss pledged to others.
- C. Information relating to fair value of financial assets at fair value through profit or loss is provided in Note 12(3).

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

<u>Items</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current items:			
Debt instrument			
Bonds	\$ 22,185	\$ -	\$ -
Equity instrument			
Listed stocks	5,038	-	-
	<u>\$ 27,223</u>	<u>\$ -</u>	<u>\$ -</u>
Non-current items:			
Debt instrument			
Bonds	\$ 138,166	\$ 51,799	\$ 94,948
Equity instrument			
Listed stocks	900,022	-	-
Unlisted stocks	925,697	357,271	355,029
	<u>\$ 1,963,885</u>	<u>\$ 409,070</u>	<u>\$ 449,977</u>

- A. The Group designated the investments shown above as debt instruments as financial assets at fair value through other comprehensive income, because these debt instruments represent those investments that the Group holds within a business model whose objective is achieved by both collecting the contractual cash flows and by selling financial assets.
- B. The Group has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$1,830,757, \$357,271 and \$355,029 as at September 30, 2022, December 31, 2021 and September 30, 2021, respectively.
- C. No strategic investments were disposed for the nine months ended September 30, 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments. On April 19, 2021, the Group disposed all its shares in FocalTech Systems Co., Ltd., which were recognised at fair value through other comprehensive income. The fair value of the investments was \$6,766,454 at the disposal date, resulting in the gain on disposal of \$4,753,939 (net of tax). Thereafter, the gain on disposal was reclassified from other equity interest to retained earnings in the second quarter of 2021.
- D. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three months ended September 30	
	2022	2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 255,780)	(\$ 40,605)
Dividend income recognised in profit or loss		
Held at end of period	\$ 43,887	\$ -
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 3,318	(\$ 1,097)
Interest income recognised in profit or loss	\$ 1,324	\$ -
	Nine months ended September 30	
	2022	2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 770,123)	\$ 3,560,251
Cumulative gains reclassified to retained earnings due to derecognition	\$ -	\$ 4,714,054
Dividend income recognised in profit or loss		
Held at end of period	\$ 43,887	\$ -
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 8,290)	(\$ 2,421)
Interest income recognised in profit or loss	\$ 3,264	\$ 608

- E. As at September 30, 2022, December 31, 2021 and September 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the recognised carrying amount of financial assets.
- F. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.
- G. Information relating to the fair value of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Financial assets at amortised cost

<u>Items</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current items:			
Time deposits with maturity over three months	\$ 394,392	\$ 677,300	\$ 1,379,000
Pledged time deposits	220,689	-	-
Bonds	15,621	-	-
	<u>\$ 630,702</u>	<u>\$ 677,300</u>	<u>\$ 1,379,000</u>
Non-current items:			
Pledged time deposits	\$ 8,837	\$ 400	\$ 403
Bonds	15,633	-	-
	<u>\$ 24,470</u>	<u>\$ 400</u>	<u>\$ 403</u>

A. As at September 30, 2022, December 31, 2021 and September 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the recognised carrying amount of financial assets.

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

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 2,232</u>	<u>\$ 636</u>

	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 3,084</u>	<u>\$ 1,233</u>

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

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Accounts receivable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts receivable	\$ 538,463	\$ 608,734	\$ 505,170
Less: Allowance for uncollectible accounts	(483)	-	-
	<u>\$ 537,980</u>	<u>\$ 608,734</u>	<u>\$ 505,170</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Not past due	\$ 516,968	\$ 608,734	\$ 505,170
Up to 30 days	1,229	-	-
31 to 90 days	20,168	-	-
Over 91 days	98	-	-
	<u>\$ 538,463</u>	<u>\$ 608,734</u>	<u>\$ 505,170</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2022, December 31, 2021 and September 30, 2021, accounts receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to \$303,743.

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

D. As at September 30, 2022, December 31, 2021 and September 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Group was the carrying amount of the financial assets.

E. The Group comprehensively considered the geographic area, product types and credit rating of each customer. The Group applies the modified approach using a provision matrix to estimate the expected credit loss. The Group used the consideration of forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group's expected credit loss rates were not significant.

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

	<u>2022</u>
	<u>Accounts receivable</u>
At January 1	\$ -
Impairment loss	483
At September 30	<u>\$ 483</u>

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

H. Transferred financial assets that are not derecognised in their entirety

The Group's subsidiary, ENE Technology Inc., entered into an accounts receivable factoring contract with ChinaTrust Commercial Bank, and pledged promissory note amounting to \$80,000 as collateral. Under the contract, ENE Technology Inc. provided guarantees for all accounts receivable which could be collected within a certain period (whatever delay or default), almost all risks and returns of the accounts receivable were retained itself. Therefore, the accounts receivable did not meet the condition of derecognition from financial assets. As of September 30, 2022, there were no transferred financial assets which were not derecognised as a whole. The Group had no such transactions for the nine months ended September 30, 2021.

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

(6) Inventories

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Raw materials	\$ 666,423	\$ 117,069	\$ 54,465
Work in progress	900,009	489,615	488,228
Finished goods	204,857	-	-
	<u>\$ 1,771,289</u>	<u>\$ 606,684</u>	<u>\$ 542,693</u>

- A. For the three months and nine months ended September 30, 2022 and 2021, the inventory costs which was recognised as cost of goods sold were \$517,656, \$474,753, \$1,549,191 and \$1,565,390, respectively. Further, certain inventories were written off to net realisable value, and the Company recognised inventories valuation loss. As some obsolete inventories were subsequently sold during the period, the allowance for inventory valuation loss was reversed and the Company recognised gain on reversal of decline in market value. For the three months and nine months ended September 30, 2022 and 2021, the loss on inventory valuation (gain from price recovery) amounted to \$9,831, (\$13,371), \$33,427 and (\$2,892), respectively.
- B. The Group has no inventories pledged to others.
- C. To secure the steady supply of wafer capacity, in June 2021, the Group's subsidiary signed a purchase agreement for pre-order capacity with a supplier, and paid guarantee of \$31,750, which was accounted as other non-current assets.
- D. ENE Technology Inc. signed a long-term contract with its supplier, indicating its commitment to outsource a minimum quantity to the supplier. Any loss from non-fulfillment of the contract was recognised as current cost.

(7) Investments accounted for using equity method

	<u>2022</u>	<u>2021</u>
At January 1	\$ 1,444,578	\$ 46,034
Effects of new consolidated entities	239,867	-
Addition of investments accounted for using equity method	916,480	-
Disposal of investments accounted for using equity method	(751,773)	(42,309)
Share of profit or loss of investments accounted for using equity method	(28,656)	(3,725)
Earnings distribution of investments accounted for using equity method	(33,000)	-
Changes in capital surplus	2,162	-
Changes in other equity interest	(27,851)	-
Changes in retained earnings	(150)	-
At September 30	<u>\$ 1,761,657</u>	<u>\$ -</u>

A. The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Registered country	Nature of relationship	Methods of measurement	Shareholding ratio		
					September 30, 2022	December 31, 2021	September 30, 2021
Alcor Micro, Corp. (Alcor)	Taiwan	Taiwan	Strategic investment	Equity method	-	22.21%	-
iCatch Technology, Inc. (iCatchtek)	Taiwan	Taiwan	Strategic investment	Equity method	21.03%	11.83%	-
SCT Holdings Ltd. (SCT)	Cayman	Cayman	Strategic investment	Equity method	20.00%	-	-
AlgoTek, Inc. (AlgoTek)	Taiwan	Taiwan	Strategic investment	Equity method	20.24%	-	-

B. The Group held 22.01% equity interest in Alcor, and was the single major shareholder of Alcor. Based on the attendance in the shareholders' meeting and the result of reelection of directors of Alcor on June 15, 2022, as well as the effective agreements obtained from other shareholders on July 11, 2022, the Group has obtained majority voting rights in the Board of Directors of Alcor. As the Group was assessed to have the ability to exercise significant influence over Alcor's operations, Alcor was included in the Group's consolidated financial statements starting from July 11, 2022. Refer to Note 6(31) for details.

C. In December 2021, the Group invested the amount of \$652,000 in iCatchtek and acquired 11.83% equity interest. In January 2022, the Group acquired an additional ownership of \$537,600 in iCatchtek through public offering, resulting in the Group's ownership in iCatchtek to increase to 21.03%. As the Group has significant influence over iCatchtek, the investment was accounted for using equity method.

D. In April 2022, the Group invested the amount of \$73,300 in SCT and acquired 4% equity interest. In addition, the convertible bonds held by the Group have been converted into common stock of SCT's, resulting in the Group's ownership in SCT to increase to 20%. As the Group has significant influence over SCT, the investment was accounted for using equity method.

- E. The Group was the single major shareholder of AlgorTek. The Group did not have definitely conduction power and hold over half of the seat in the Board of Directors because total shares held by other major shareholders (not related parties) exceeded the Group's share. These factors showed that the Group did not have the actual ability to unilaterally conduct related activities of AlgorTek, therefore, the Group only had significant influence on but not control over AlgorTek.
- F. The Group disposed part of its investment in Sirius Wireless in January 2021 for \$97,825, resulting to a decrease in equity interest to 15.02%. Further, with the resignation of the director's position in Sirius Wireless, the Group lost significant influence over Sirius Wireless. Accordingly, the Group discontinued the use of the equity method from the disposal date and measured the retained interest at fair value recognised as financial assets at fair value through profit or loss. The difference between the carrying amount of the above investment accounted for using equity method, and the fair value of retained interest and proceeds from disposing part of the Group's equity interest in Sirius Wireless at that date was \$97,365, which was recognised as gain on disposal of investments. Refer to Note 6(24) for details.
- G. The summarised financial information of the associates that are material to the Group is as follows:

Balance sheets

	<u>Alcor</u>	
	<u>December 31, 2021</u>	
Current assets	\$	2,611,131
Non-current assets		1,407,036
Current liabilities	(413,839)
Non-current liabilities	(34,842)
Non-controlling interest	(574,249)
Total net assets	\$	<u>2,995,237</u>
Share in associate's net assets	\$	665,242
Excess of investments accounted for using equity method		<u>127,336</u>
Carrying amount of the associate	\$	<u>792,578</u>

	<u>iCatchtek</u>	
	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Current assets	\$ 1,642,290	\$ 1,704,866
Non-current assets	107,149	75,373
Current liabilities	(302,534)	(330,893)
Non-current liabilities	(34,396)	(147,041)
Total net assets	<u>\$ 1,412,509</u>	<u>\$ 1,302,305</u>
Share in associate's net assets	\$ 297,051	\$ 154,063
Excess of investments accounted for using equity method	<u>858,306</u>	<u>497,937</u>
Carrying amount of the associate	<u>\$ 1,155,357</u>	<u>\$ 652,000</u>

	<u>SCT</u>
	<u>September 30, 2022</u>
Current assets	\$ 707,797
Non-current assets	48,566
Current liabilities	(565,652)
Non-current liabilities	(651)
Total net assets	<u>\$ 190,060</u>
Share in associate's net assets	\$ 38,012
Excess of investments accounted for using equity method	<u>329,701</u>
Carrying amount of the associate	<u>\$ 367,713</u>

	<u>AlgoTek</u>
	<u>September 30, 2022</u>
Current assets	\$ 855,133
Non-current assets	125,528
Current liabilities	(109,837)
Non-current liabilities	(28,872)
Total net assets	<u>\$ 841,952</u>
Share in associate's net assets	\$ 170,329
Excess of investments accounted for using equity method	60,875
Unrealised gain	(117)
Carrying amount of the associate	<u>\$ 231,087</u>

Statement of comprehensive income

	<u>Alcor</u>
	<u>July 1, 2022 to July 10, 2022</u>
Revenue	\$ 34,889
Loss for the period	(3,438)
Other comprehensive income	-
Total comprehensive loss	<u>(\$ 3,438)</u>
Share of loss for the period	<u>(\$ 1,469)</u>

	<u>Alcor</u>
	<u>January 1, 2022 to</u> <u>July 10, 2022</u>
Revenue	\$ <u>823,842</u>
Profit for the period	125,788
Other comprehensive loss	(<u>135,703</u>)
Total comprehensive loss	(\$ <u>9,915</u>)
Share of income for the period	\$ <u>14,502</u>
	<u>iCatchtek</u>
	<u>Three months ended</u> <u>September 30, 2022</u>
Revenue	\$ <u>266,047</u>
Profit for the period	\$ 24,624
Other comprehensive income	-
Total comprehensive income	\$ <u>24,624</u>
Share of loss for the period	(\$ <u>13,462</u>)
	<u>iCatchtek</u>
	<u>Nine months ended</u> <u>September 30, 2022</u>
Revenue	\$ <u>883,371</u>
Profit for the period	\$ 83,132
Other comprehensive income	-
Total comprehensive income	\$ <u>83,132</u>
Share of loss for the period	(\$ <u>36,404</u>)
	<u>SCT</u>
	<u>Three months ended</u> <u>September 30, 2022</u>
Revenue	\$ <u>118,095</u>
Loss for the period	(\$ <u>5,252</u>)
Other comprehensive income	365
Total comprehensive loss	(\$ <u>4,887</u>)
Share of loss for the period	(\$ <u>4,863</u>)

	<u>SCT</u>
	<u>Nine months ended September 30, 2022</u>
Revenue	<u>\$ 578,348</u>
Profit for the period	\$ 9,490
Other comprehensive income	<u>5,774</u>
Total comprehensive income	<u>\$ 15,264</u>
Share of loss for the period	<u>(\$ 5,886)</u>

	<u>AlgoTek</u>
	<u>Three months ended September 30, 2022</u>
Revenue	<u>\$ 77,140</u>
Loss for the period	(\$ 3,334)
Other comprehensive income	<u>43</u>
Total comprehensive income	<u>(\$ 3,291)</u>
Share of loss for the period	<u>(\$ 868)</u>

Except for the financial statements of SCT for the nine months ended September 30, 2022 which have been reviewed, others were recognised based on financial statements reviewed by other auditors.

H. The Group's material associates, iCatchtek and AlgoTek, have quoted market prices. As of September 30, 2022, the fair value was \$871,920 and \$232,660, respectively.

(8) Property, plant and equipment

	2022					
	Information equipment	Development equipment	Leasehold improvements	Others	Unfinished construction	Total
At January 1						
Cost	\$ 83,167	\$ 79,275	\$ 21,122	\$ 38,479	\$ -	\$ 222,043
Accumulated depreciation	(48,276)	(45,488)	(9,530)	(24,025)	-	(127,319)
	<u>\$ 34,891</u>	<u>\$ 33,787</u>	<u>\$ 11,592</u>	<u>\$ 14,454</u>	<u>\$ -</u>	<u>\$ 94,724</u>
At January 1	\$ 34,891	\$ 33,787	\$ 11,592	\$ 14,454	\$ -	\$ 94,724
Additions	8,958	13,281	2,084	3,321	-	27,644
Acquired from business combinations	-	21,363	2,999	30,510	4,458	59,330
Disposals	-	-	-	(3,316)	-	(3,316)
Transfers	-	-	-	4,458	(4,458)	-
Depreciation charge	(16,697)	(17,087)	(4,833)	(7,882)	-	(46,499)
Net exchange differences	4	(6)	-	(8)	-	(10)
At September 30	<u>\$ 27,156</u>	<u>\$ 51,338</u>	<u>\$ 11,842</u>	<u>\$ 41,537</u>	<u>\$ -</u>	<u>\$ 131,873</u>
At September 30						
Cost	\$ 91,025	\$ 113,744	\$ 26,159	\$ 65,536	\$ -	\$ 296,464
Accumulated depreciation	(63,869)	(62,406)	(14,317)	(23,999)	-	(164,591)
	<u>\$ 27,156</u>	<u>\$ 51,338</u>	<u>\$ 11,842</u>	<u>\$ 41,537</u>	<u>\$ -</u>	<u>\$ 131,873</u>
	2021					
	Information equipment	Development equipment	Leasehold improvements	Others		Total
At January 1						
Cost	\$ 67,056	\$ 59,747	\$ 21,645	\$ 57,588		\$ 206,036
Accumulated depreciation	(31,798)	(27,878)	(7,110)	(35,250)		(102,036)
	<u>\$ 35,258</u>	<u>\$ 31,869</u>	<u>\$ 14,535</u>	<u>\$ 22,338</u>		<u>\$ 104,000</u>
At January 1	\$ 35,258	\$ 31,869	\$ 14,535	\$ 22,338		\$ 104,000
Additions	20,434	12,930	1,904	2,412		37,680
Disposals	-	-	-	(2,465)		(2,465)
Depreciation charge	(15,203)	(13,236)	(5,046)	(6,269)		(39,754)
Net exchange differences	(23)	(56)	1	(1)		(79)
At September 30	<u>\$ 40,466</u>	<u>\$ 31,507</u>	<u>\$ 11,394</u>	<u>\$ 16,015</u>		<u>\$ 99,382</u>
At September 30						
Cost	\$ 83,865	\$ 72,510	\$ 23,438	\$ 38,651		\$ 218,464
Accumulated depreciation	(43,399)	(41,003)	(12,044)	(22,636)		(119,082)
	<u>\$ 40,466</u>	<u>\$ 31,507</u>	<u>\$ 11,394</u>	<u>\$ 16,015</u>		<u>\$ 99,382</u>

The Group has no pledged property, plant and equipment.

(9) Lease transactions — lessee

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Right-of-use assets:			
Buildings and structures	\$ 199,763	\$ 110,902	\$ 113,470
Transportation equipment (Business vehicles)	3,013	-	-
Machinery and equipment	1,292	-	-
Other equipment	737	-	-
	<u>\$ 204,805</u>	<u>\$ 110,902</u>	<u>\$ 113,470</u>
Lease liability:			
Current	\$ 76,055	\$ 33,951	\$ 35,515
Non-current	138,252	85,738	84,844
	<u>\$ 214,307</u>	<u>\$ 119,689</u>	<u>\$ 120,359</u>

A. The Group leases various assets including building, business vehicles, machinery and equipment and parking spaces. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Buildings	\$ 23,286	\$ 11,229
Transportation equipment (Business vehicles)	741	-
Machinery and equipment	125	-
Other equipment	344	-
	<u>\$ 24,496</u>	<u>\$ 11,229</u>
	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Buildings	\$ 43,658	\$ 33,429
Transportation equipment (Business vehicles)	741	-
Machinery and equipment	208	-
Other equipment	344	-
	<u>\$ 44,951</u>	<u>\$ 33,429</u>

- C. For the nine months ended September 30, 2022 and 2021, the Group's additions to right-of-use assets were \$70,905 and \$11,356, respectively.
- D. Short-term leases with a lease term of 12 months or less comprise parking spaces and warehouse. Low-value assets comprise multifunction printers and drinking fountain.
- E. The information on profit or loss accounts relating to lease contracts is as follows:

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 851	\$ 506
Expense on short-term lease contracts	1,316	864
Expense on leases of low-value assets	103	72
Expense on variable lease payments	93	-
Gain on lease modification	-	493
	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,780	\$ 1,684
Expense on short-term lease contracts	3,132	2,665
Expense on leases of low-value assets	254	182
Expense on variable lease payments	93	-
Gain on lease modification	-	496

- F. For the nine months ended September 30, 2022 and 2021, the Company's total cash outflow for leases were \$50,946 and \$38,072, respectively.

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

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Operating costs	\$ 27	\$ -
Selling expenses	9,931	244
Administrative expenses	212	1,534
Research and development expenses	17,977	6,295
	<u>\$ 28,147</u>	<u>\$ 8,073</u>

	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Operating costs	\$ 27	\$ -
Selling expenses	9,772	479
Administrative expenses	3,767	3,828
Research and development expenses	31,594	17,938
	<u>\$ 45,160</u>	<u>\$ 22,245</u>

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

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

	<u>September 30, 2022</u>
Biometric sensor chip and its application	<u>\$ 111,403</u>
USB control chip and its application	<u>\$ 202,896</u>

The Group tested impairment for the cash-generating units of goodwill at the end of the annual financial reporting period and used value-in-use as the basis for calculating the recoverable amount.

(11) Prepayments for investments

As of December 31, 2021, the Group has applied to the public tender offer for the acquisition of shares of iCatch Technology Inc. amounting to \$672,000 which was recorded as prepayment for investment. Of the total amount, \$537,600 worth of shares has been subscribed in January 2022. The excess amount of \$134,000 had been returned to the Group's bank account. Refer to Note 6(7) for details.

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Bank borrowings			
Unsecured borrowings	\$ 890,000	\$ 100,000	\$ 100,000
Secured borrowings	150,000	-	-
	<u>\$ 1,040,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Undrawn facilities	<u>\$ 1,843,500</u>	<u>\$ 2,006,480</u>	<u>\$ 2,191,100</u>
Interest rate range	<u>0.89% ~ 1.66%</u>	<u>0.79% ~ 0.85%</u>	<u>0.79% ~ 0.84%</u>

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

(13) Other payables

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Payable on wages, salaries and bonuses	\$ 260,969	\$ 192,276	\$ 123,654
Payable on software licensing fees	106,575	78,128	-
Payable on employees' compensation and directors' and supervisors' remuneration	55,601	19,507	19,507
Payable on royalties	32,613	30,551	67,981
Payable on research, development and testing expenses	24,988	58,347	29,355
Others	80,289	72,793	70,760
	<u>\$ 561,035</u>	<u>\$ 451,602</u>	<u>\$ 311,257</u>

(14) Long-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Long-term bank borrowings			
Unsecured borrowings	\$ 786,151	\$ 850,000	\$ 850,000
Secured borrowings	931,504	-	-
	<u>1,717,655</u>	<u>850,000</u>	<u>850,000</u>
Less: Current portion	(365,455)	(37,500)	-
	<u>\$ 1,352,200</u>	<u>\$ 812,500</u>	<u>\$ 850,000</u>
Undrawn facilities	<u>\$ 347,800</u>	<u>\$ 403,600</u>	<u>\$ 507,000</u>
Maturity year	<u>112-116</u>	<u>112-114</u>	<u>111-114</u>
Interest rate range	<u>1.27% ~ 2.69%</u>	<u>1.05% ~ 1.54%</u>	<u>1.05% ~ 1.54%</u>

A. Commitments for bank borrowings

The Company has committed to the creditor banks not to arbitrarily dispose, transfer or collateralise the stocks of FocalTech Systems Co. Ltd. held by the Company (recorded as financial assets at fair value through other comprehensive income) to others in the first quarter of 2021. The Company repaid the bank borrowings in advance on April 15, 2021 and subsequently disposed the stocks of FocalTech Systems Co. Ltd. Refer to Note 6(3) for other related information.

B. Compliance with borrowing contracts

In accordance with the regulations of the borrowing contracts between the Company and certain creditor banks, the Company shall prepare consolidated financial statements semiannually during

the term of the borrowings and maintain the financial ratios agreed by both parties. If the agreed ratios are not met, the borrowing interest rate shall be raised as specified in the contracts.

For the years ended December 31, 2021 and 2020 and the six months ended June 30, 2021, the Company had either met the required financial ratios agreed with the abovementioned creditor banks or such covenants had been waived by creditor banks. However, for the six months ended June 30, 2022, the Company was not able to meet the required financial ratios and accordingly, the creditor banks had to increase the borrowing interest rate in accordance with the contracts.

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

(15) Pensions

- A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group did not recognise pension costs for the three months and nine months ended September 30, 2022 and 2021.
- (c) As of September 30, 2022, the Group did not make contributions to the retirement fund as the balance of the retirement fund had exceeded the present value of defined benefit obligation.
- B. (a) The Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) Other overseas entities have established a defined contribution plan under the local regulations and contribute a certain percentage of the salaries and wages of the local employees to the endowment insurance or pension fund. Other than the annual contributions, the entities have no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the three months and nine months ended September 30, 2022 and 2021 were \$13,168, \$7,139, \$28,032 and \$23,701, respectively.

(16) Share-based payment

A. As of September 30, 2022, the Group's share-based payment arrangements were as follows:

Issuing entity	Type of arrangement	Grant date	Quantity granted (unit in thousand)	Number of shares available for subscription per unit	Contract period	Vesting conditions
Egis	Restricted stocks to employees	2017.12.04	222	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 8)
Alcor	"	2022.01.03	477	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 1)
Alcor	"	2020.01.02	910	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 2)
Alcor	"	2018.09.10	1,490	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 3)
ENE	"	2022.05.10	20	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 7)
ENE	"	2022.03.16	980	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 7)
Syncomm	"	2022.03.17	700	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 4)
Alcorlink	"	2021.11.05	1,000	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 5)
Alcorlink	Cash capital increase reserved for	2021.08.03	750	Not applicable	Not applicable	Vested immediately
Syncomm	Restricted stocks to employees	2019.12.20	1,000	1	2 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 6)
Alcorlink	"	2018.10.01	770	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 5)

(a) The restricted stocks issued by Alcor and Alcorlink cannot be sold, pledged, transferred, gifted, collateralised or disposed in any other method and have no rights to participate in the allocation (subscription) of dividends to original shareholders before meeting the vesting conditions.

(b) The restricted stocks issued by Egis, Syncomm and ENE cannot be sold, pledged, transferred, gifted, collateralised or disposed in any other method before meeting the vesting conditions.

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

Note 1: Whether the vesting conditions have been met will be settled on December 31 each year and the restrictions on rights will be lifted from January 31 each year (postponed when the day falls on a public holiday).

Note 2: Whether the vesting conditions have been met will be settled on December 31 each year and the restrictions on rights will be lifted from February 25 each year (postponed when the day falls on a public holiday).

Note 3: Whether the vesting conditions have been met will be settled on September 30 each year and the restrictions on rights will be lifted from October 20 each year (postponed when the day falls on a public holiday).

Note 4: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 30%, 35% and 35%, respectively.

Note 5: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 30%, 30% and 40%, respectively.

Note 6: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year and two years after the grant date at the rate of 40% and 60%, respectively.

Note 7: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 20%, 30% and 50%, respectively.

Note 8: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 33%, 33% and 34%, respectively.

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

(a) Alcor:

	<u>Nine months ended September 30, 2022</u>
	<u>Number (in thousand)</u>
Beginning balance of restricted stocks	432
Stocks issued	477
Stocks vested	(207)
Stocks retired	(99)
Ending balance of restricted stocks	<u>603</u>

(b) Alcorlink:

	<u>Nine months ended September 30, 2022</u> <u>Number (in thousand)</u>
Beginning balance of restricted stocks	1,000
Stocks retired	-
Ending balance of restricted stocks	<u>1,000</u>

(c) Syncomm:

	<u>Nine months ended September 30, 2022</u> <u>Number (in thousand)</u>
Beginning balance of restricted stocks	-
Stocks issued	700
Ending balance of restricted stocks	<u>700</u>

(d) ENE:

	<u>Nine months ended September 30, 2022</u> <u>Number (in thousand)</u>
Beginning balance of restricted stocks	-
Stocks issued	1,000
Ending balance of restricted stocks	<u>1,000</u>

C. The fair value of restricted stocks to employees and cash capital increase reserved for employee preemption granted is measured using the Black-Scholes model. Relevant input information is as follows:

<u>Issuing entity</u>	<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price (in dollars)</u>	<u>Exercise price (in dollars)</u>	<u>Expected price volatility (Note 1)</u>	<u>Expected option life</u>	<u>Expected dividend rate</u>	<u>Risk-free interest rate</u>
Egis	Restricted stocks to employees	2017.12.04	246.00	-	-	Note 3		
Alcor	"	2022.01.03	60.50	-	-	Note 2		
Alcor	"	2020.01.02	14.30	-	15.02%- 21.33%	1-3 year(s)	0%	0.39%- 0.51%
Alcor	"	2018.09.10	18.00	-	22.35%- 24.61%	1-3 year(s)	0%	0.23%- 0.28%
ENE	"	2022.05.10	40.25	-	-	Note 3		
ENE	"	2022.03.16	41.50	-	-	Note 3		
Syncomm	"	2022.03.17	25.49	-	57.15%	1 year	0%	0.36%
Alcorlink	"	2021.11.05	34.70	-	-	Note 2		

Issuing entity	Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (Note 1)	Expected option life	Expected dividend rate	Risk-free interest rate
Alcorlink	Cash capital increase reserved for employee preemption	2021.08.03	49.53	32.8	64.00%	0.060 year	0%	0.05%
Syncomm	Restricted stocks to employees	2019.12.20	6.84	-	47.75%	1-2 year(s)	0%	0.49%
Alcorlink	"	2018.10.01	24.10	-		Note 2		

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

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

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

D. Compensation cost that the Group recognised for the abovementioned share-based payment transactions for the three months and nine months ended September 30, 2022 and 2021 amounted to \$12,866, \$0, \$12,866 and \$74, respectively.

(17) Share capital

A. As of September 30, 2022, the Company's authorised capital was \$1,000,000, consisting of 100,000 thousand shares of ordinary stock, and the paid-in capital was \$692,718 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's shares outstanding are as follows:

	2022	2021
At January 1	69,272	69,269
Employee restricted shares vested	-	3
At September 30	<u>69,272</u>	<u>69,272</u>

B. The Company’s Board of Directors resolved to buy back shares within 5% of the Company’s total issued shares and transfer them to employees within three years on March 5, 2018 and September 18, 2018, respectively. There were 1,500 thousand shares of treasury shares amounting to \$149,900 as of September 30, 2021. The abovementioned 1,500 thousand shares of treasury shares had been fully retired for the year ended December 31, 2021.

	<u>Nine months ended September 30, 2021</u>
Beginning number of shares	2,100
Shares retired	(600)
Ending number of shares	<u>1,500</u>

(18) Capital surplus

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Share premium	\$ 968,659	\$ 968,659	\$ 988,545
Changes in ownership interests in subsidiaries	1,435	-	-
Changes in associates accounted for using the equity method	2,162	-	-
Employee restricted shares	-	-	846
	<u>\$ 972,256</u>	<u>\$ 968,659</u>	<u>\$ 989,391</u>

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

(19) Retained earnings

A. The current year’s earnings, if any, shall first be used to pay all taxes and offset accumulated operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, a special reserve shall be set aside or reverse in accordance with the related laws or regulations made by the regulatory authority. The remainder along with the opening balance of unappropriated earnings shall be proposed by the Board of Directors and submitted to the shareholders during their meeting for resolution when they are distributed in the form of new shares; and resolved by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors then reported to the shareholders during their meeting according to Paragraph 5 of Article 240 of the Company

Act when they are distributed in the form of cash.

- B. The Company's dividend policy is adopted by taking into consideration current and future development plans, investment environment, capital needs, domestic and foreign competitors, shareholders' interests and the general standards of dividend distribution in the industry and capital market. The dividends to shareholders can be distributed in the form of cash or shares and cash dividends shall account for at least 20% of the total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriations of 2021 and 2020 earnings as resolved by the shareholders at their meetings on June 22, 2022 and July 12, 2021 are as follows:

	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 441,038		\$ 60,231	
Special reserve	75,368		-	
Reversal of special reserve	-		(81,463)	
Cash dividends	692,718	\$ 10.00	1,039,136	\$ 15.00
	\$ 1,209,124		\$ 1,017,904	

(20) Other equity

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

	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1, 2021	\$ 2,112	\$ 1,775,108	\$ 1,777,220
Revaluation - gross			
- Group	(3,514)	-	(3,514)
- Associates	(9)	-	(9)
- Reclassifications of gains (losses) on disposal of investments accounted for using the equity method to profit or loss	762	-	762
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income			
- Group	-	2,917,435	2,917,435
- Reclassifications of disposal of investments accounted for using the equity method to retained earnings	-	(4,714,054)	(4,714,054)
Unrealised losses from investments in debt instruments measured at fair value through other comprehensive income			
- Group	-	(2,421)	(2,421)
At September 30, 2021	<u>(\$ 649)</u>	<u>(\$ 23,932)</u>	<u>(\$ 24,581)</u>

(21) Operating revenue

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

	Three months ended September 30			
	2022		2021	
	Egis and its subsidiaries	Alcor and its subsidiaries	Total	Egis and its subsidiaries
Major geographical regions:				
Taiwan	\$ 231	\$ 143,483	\$ 143,714	\$ 1,008
Asia	402,145	242,566	644,711	814,403
America	-	215	215	-
Others	-	6,463	6,463	-
	<u>\$ 402,376</u>	<u>\$ 392,727</u>	<u>\$ 795,103</u>	<u>\$ 815,411</u>

	Nine months ended September 30			
	2022			2021
	Egis and its subsidiaries	Alcor and its subsidiaries	Total	Egis and its subsidiaries
Major geographical regions:				
Taiwan	\$ 1,020	\$ 143,483	\$ 144,503	\$ 3,144
Asia	2,049,609	242,566	2,292,175	2,623,611
America	-	215	215	4,911
Others	-	6,463	6,463	-
	<u>\$ 2,050,629</u>	<u>\$ 392,727</u>	<u>\$ 2,443,356</u>	<u>\$ 2,631,666</u>

	Three months ended September 30			
	2022			2021
	Egis and its subsidiaries	Alcor and its subsidiaries	Total	Egis and its subsidiaries
Major product/service lines:				
Sales revenue	\$ 402,313	\$ 389,745	\$ 792,058	\$ 814,403
Service revenue	63	2,982	3,045	1,008
	<u>\$ 402,376</u>	<u>\$ 392,727</u>	<u>\$ 795,103</u>	<u>\$ 815,411</u>

	Nine months ended September 30			
	2022			2021
	Egis and its subsidiaries	Alcor and its subsidiaries	Total	Egis and its subsidiaries
Major product/service lines:				
Sales revenue	\$ 2,049,780	\$ 389,745	\$ 2,439,525	\$ 2,623,724
Service revenue	849	2,982	3,831	7,942
	<u>\$ 2,050,629</u>	<u>\$ 392,727</u>	<u>\$ 2,443,356</u>	<u>\$ 2,631,666</u>

B. The Group has recognised the revenue-related contract liabilities - advance receipts shown as other current liabilities amounting to \$9,016, \$1,257, \$1,257 and \$0 on September 30, 2022, December 31, 2021, September 30, 2021 and January 1, 2021, respectively.

C. There was no revenue recognised that was included in the contract liability balance at the beginning of the nine months ended September 30, 2022 and 2021.

(22) Interest income

	Three months ended September 30	
	2022	2021
Interest income from bank deposits	\$ 3,710	\$ 4,261
Other interest income	6,950	2,382
	<u>\$ 10,660</u>	<u>\$ 6,643</u>

	Nine months ended September 30	
	2022	2021
Interest income from bank deposits	\$ 7,717	\$ 9,135
Other interest income	15,558	3,088
	<u>\$ 23,275</u>	<u>\$ 12,223</u>

(23) Other income

	Three months ended September 30	
	2022	2021
Rent income	\$ 770	\$ 500
Dividend income	43,887	-
Other income	2,220	(397)
	<u>\$ 46,877</u>	<u>\$ 103</u>

	Nine months ended September 30	
	2022	2021
Rent income	\$ 1,913	\$ 1,279
Dividend income	45,676	-
Other income	3,934	2,801
	<u>\$ 51,523</u>	<u>\$ 4,080</u>

(24) Other gains and losses

	Three months ended September 30	
	2022	2021
Gains on disposals of property, plant and equipment	\$ 731	\$ 438
Losses on disposals of investments	(32,164)	-
Gains arising from lease modifications	-	493
Foreign exchange gains	73,138	1,007
Losses on financial assets at fair value through profit or loss	(3,080)	(4,756)
Other losses	(3,477)	(4,087)
	<u>\$ 35,148</u>	<u>(\$ 6,905)</u>

	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Gains on disposal of property, plant and equipment	\$ 1,006	\$ 438
(Losses) gains on disposals of investments	(32,164)	97,365
Transaction costs of disposals of financial assets at fair value through other comprehensive income	-	(75,813)
Gains arising from lease modifications	-	496
Foreign exchange gains (losses)	162,070	(35,708)
Losses on financial assets at fair value through profit or loss	(28,827)	(1,081)
Other losses	(4,580)	(9,395)
	<u>\$ 97,505</u>	<u>(\$ 23,698)</u>

(25) Finance costs

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Interest expense on bank borrowings	\$ 9,354	\$ 2,855
Lease liability	851	506
	<u>\$ 10,205</u>	<u>\$ 3,361</u>

	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Interest expense on bank borrowings	\$ 17,977	\$ 9,667
Lease liability	1,780	1,684
	<u>\$ 19,757</u>	<u>\$ 11,351</u>

(26) Expenses by nature

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

Three months ended September 30, 2021			
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ -	\$ 186,576	\$ 186,576
Labour and health insurance fees	-	10,801	10,801
Pension costs	-	7,139	7,139
Other personnel expenses	-	11,086	11,086
	-	215,602	215,602
Depreciation charges	<u>\$ 317</u>	<u>\$ 24,686</u>	<u>\$ 25,003</u>
Amortisation charges	<u>\$ -</u>	<u>\$ 8,073</u>	<u>\$ 8,073</u>

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

Nine months ended September 30, 2021			
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ -	\$ 596,561	\$ 596,561
Labour and health insurance fees	-	34,146	34,146
Pension costs	-	23,701	23,701
Other personnel expenses	-	25,019	25,019
	<u>\$ -</u>	<u>\$ 679,427</u>	<u>\$ 679,427</u>
Depreciation charges	<u>\$ 1,422</u>	<u>\$ 71,761</u>	<u>\$ 73,183</u>
Amortisation charges	<u>\$ -</u>	<u>\$ 22,245</u>	<u>\$ 22,245</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 1% for directors' remuneration. However, if the Company has accumulated losses, earnings should be reserved to cover losses first. The aforementioned employees' compensation can be distributed in the form of shares or cash. The employees that the Company shall distribute employees' compensation include the employees of subsidiaries who meet the requirements prescribed by the Board of Directors. The directors' remuneration can only be distributed in the form of cash.
- B. The employees' compensation and directors' remuneration for the nine months ended September 30, 2022 and 2021 were estimated and accrued based on the pre-tax profit for each of the period before deducting employees' compensation and directors' remuneration multiplied by the distribution percentage of employees' compensation and directors' remuneration as stipulated in the Articles of Incorporation of the Company and presented in operating expenses for each of the period. If there are differences between the actual distributed amounts in the following year and the accrued amounts, the differences will be accounted for as changes in estimates and recognised in the profit or loss for the following year.
- C. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$0 and \$40,140, respectively; directors' remuneration was accrued at \$0 and \$8,028, respectively. The distribution amounts as resolved by the Company's Board of Directors were in agreement with the aforementioned accrued amounts. The related information will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30	
	2022	2021
Current tax:		
Current tax on profits for the period	(\$ 46,393)	(\$ 14,479)
Current withholding tax on foreign profits for the period	359	2,025
Income tax benefit	<u>(\$ 46,034)</u>	<u>(\$ 12,454)</u>
	Nine months ended September 30	
	2022	2021
Current tax:		
Current tax on profits for the period	(\$ 80,171)	(\$ 51,536)
Tax on undistributed surplus earnings	162,049	-
Current withholding tax on foreign profits for the period	1,133	2,816
Prior year income tax overestimation	(880)	-
Income tax expense (benefit)	<u>\$ 82,131</u>	<u>(\$ 48,720)</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Three months ended September 30	
	2022	2021
Changes in fair value of financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>
	Nine months ended September 30	
	2022	2021
Changes in fair value of financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>(\$ 642,816)</u>

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

	Assessed and approved status
EGIS TECHNOLOGY INC.	Assessed and approved through 2019

(28) Loss per share

	<u>Three months ended September 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	<u>(\$ 251,926)</u>	<u>69,272</u>	<u>(\$ 3.64)</u>
	<u>Three months ended September 30, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	<u>(\$ 49,894)</u>	<u>69,272</u>	<u>(\$ 0.72)</u>
	<u>Nine months ended September 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	<u>(\$ 578,970)</u>	<u>69,272</u>	<u>(\$ 8.36)</u>
	<u>Nine months ended September 30, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	<u>(\$ 176,363)</u>	<u>69,271</u>	<u>(\$ 2.55)</u>

Note: The calculation of diluted loss per share was the same as the calculation of basic loss per share as the Company has incurred losses for the three months and nine months ended September 30, 2022 and 2021 and due to the anti-dilutive effect of potential ordinary shares.

(29) Non-controlling interest

	2022	2021
At January 1	\$ 12,135	\$ 23,921
Share attributable to non-controlling interest:		
Profit (loss)	16,771	(9,974)
Currency translation differences	5,521	-
Unrealised losses on valuation of financial assets measured at fair value through other comprehensive income	(16,545)	-
Changes in ownership interests in subsidiaries	3,674	4,383
Increase in non-controlling interests	3,547,213	-
At September 30	<u>\$ 3,568,769</u>	<u>\$ 18,330</u>

(30) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2022	\$ 100,000	\$ 850,000	\$ 119,689	\$ 1,069,689
Changes in cash flow from financing activities	790,000	860,382	(45,687)	1,604,695
Changes in acquisition of subsidiaries	150,000	7,273	67,869	67,869
Changes in other non-cash items	-	-	72,436	72,436
At September 30, 2022	<u>\$ 1,040,000</u>	<u>\$ 1,717,655</u>	<u>\$ 214,307</u>	<u>\$ 2,814,689</u>

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2021	\$ -	\$ 990,000	\$ 155,587	\$ 1,145,587
Changes in cash flow from financing activities	100,000	(140,000)	(33,541)	(73,541)
Changes in other non-cash items	-	-	(1,687)	(1,687)
At September 30, 2021	<u>\$ 100,000</u>	<u>\$ 850,000</u>	<u>\$ 120,359</u>	<u>\$ 1,070,359</u>

(31) Business combinations

A. The Group is the single largest shareholder of Alcor with a 22.16% equity interest. Based on the Group's attendance at the shareholders' meeting of Alcor on June 15, 2022, the result of the reelection of Alcor's board of directors and given that the Group entered into an effective

agreement with other major shareholders of Alcor on July 11, 2022, the Group has obtained a majority of voting rights in its Board of Directors. As the Group was assessed to have the ability to direct the relevant activities of Alcor, the Group included Alcor in its consolidated financial statements from July 11, 2022.

B. The following table summarises the fair values of the assets acquired and liabilities assumed from the combination of Alcor at the acquisition date:

	<u>July 11, 2022</u>
Purchase consideration	
Fair value of equity interest in Alcor held before the business combination	\$ 707,000
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	<u>3,547,213</u>
	<u>4,254,213</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1,261,522
Current financial assets at fair value through profit or loss	861,751
Current financial assets at fair value through other comprehensive income	29,957
Current financial assets at amortised cost	599,138
Accounts receivable, net	326,290
Other receivables, net	29,288
Inventories	634,430
Prepayments	70,815
Other current assets	3,929
Non-current financial assets at fair value through other comprehensive income	490,999
Non-current financial assets at amortised cost	22,929
Investments accounted for using the equity method	239,867
Property, plant and equipment	59,330
Right-of-use assets	67,953
Intangible assets	275,503
Deferred tax assets	16,792
Other non-current assets	109,312
Short-term borrowings	(150,000)
Notes payable	(20,721)
Accounts payable	(324,373)
Other payables	(409,797)
Other current liabilities	(65,402)
Deferred tax liabilities	(48,442)
Lease liabilities	(29,753)
Total identifiable net assets	<u>4,051,317</u>
Goodwill	<u>\$ 202,896</u>

- C. The Group recognised a loss of \$35,563 shown as ‘other gains and losses’ as a result of measuring at fair value its 22.16% equity interest in Alcor held before the business combination.
- D. The fair value of the acquired identifiable intangible assets of \$275,503 is provisional pending receipt of the final valuations for those assets.
- E. The operating revenue included in the consolidated statement of comprehensive income since July 11, 2022 contributed by Alcor was \$392,728. Alcor also contributed profit before income tax of \$23,732 over the same period. Had Alcor been consolidated from January 1, 2022, the consolidated statement of comprehensive income would show operating revenue and loss before income tax for the first three quarters of 2022 of \$3,267,197 and (\$354,248), respectively.

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
iCatch Technology Inc. (iCatchtek)	Associate - investee company accounted for using the equity method
AlgoITek, Inc. (AlgoITek)	Associate - investee company accounted for using the equity method

(2) Significant related party transactions

A. Operating revenue

	<u>Three months ended September 30, 2022</u>
Sales of services:	
AlgoITek	\$ <u>1,330</u>
	<u>Nine months ended September 30, 2022</u>
Sales of services:	
AlgoITek	\$ <u>1,330</u>

For the sales of services to related parties, the transaction prices were negotiated by both parties and the collection terms were the same as those of non-related parties.

B. Technical service expenditures

	<u>Three months ended September 30, 2022</u>
Purchases of services:	
iCatchtek	<u>\$ 18,541</u>
	<u>Nine months ended September 30, 2022</u>
Purchases of services:	
iCatchtek	<u>\$ 37,965</u>

For the purchases of services from related parties, the transaction prices were negotiated by both parties and the payment terms were the same as those of non-related parties.

C. Accounts receivable

	<u>September 30, 2022</u>
Accounts receivable:	
AlgoITek	<u>\$ 489</u>

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

D. Other payables

	<u>September 30, 2022</u>
Other payables:	
iCatchtek	<u>\$ 20,995</u>

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

(3) Key management compensation

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 24,487	\$ 95,650
Post-employment benefits	612	297
Share-based payments	1,007	-
	<u>\$ 26,106</u>	<u>\$ 95,947</u>

	Nine months ended September 30	
	2022	2021
Short-term employee benefits	\$ 94,275	\$ 133,551
Post-employment benefits	1,238	855
Share-based payments	1,007	-
	<u>\$ 96,520</u>	<u>\$ 134,406</u>

8. Pledged Assets

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

Pledged asset	Book value			Purpose
	September 30, 2022	December 31, 2021	September 30, 2021	
Pledged time deposits (recorded as current financial assets at amortised cost)	\$ 220,689	\$ -	\$ -	Note 1
Pledged time deposits (recorded as non-current financial assets at amortised cost)	8,837	400	403	Note 2
Non-current financial assets at fair value through other comprehensive income	889,887	-	-	Note 4
Guarantee deposits paid (shown as other non-current assets)	31,750	-	-	Note 3
	<u>\$ 1,151,163</u>	<u>\$ 400</u>	<u>\$ 403</u>	

Note 1: Guarantee for short-term bank borrowings.

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

Note 3: Guarantee and deposits for expected capacity. Refer to Note 6(6)C. for details.

Note 4: Guarantee for long-term bank borrowings.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

- A. Shenzhen Goodix Technology Co., Ltd. (Goodix) has filed complaint for patent infringement with the Beijing Intellectual Property Court against the Company in July 2020, wherein it requested the Company to pay compensation amounting to RMB 50.5 million. The Company received the compliant on July 21, 2020 and has engaged a legal counsel to take further action. The ultimate outcome of the complaint is presently undeterminable. Management is of the opinion that the complaint will have no immediate material negative effect on the Group's operating and finance activities.

B. Goodix has filed complaint for patent infringement with the Fuzhou Intermediate People's Court against the Company in March 2021, wherein it requested the Company to pay compensation amounting to RMB 50.5 million. The Company received the complaint on June 10, 2021 and has engaged a legal counsel to take further action. The ultimate outcome of the complaint is presently undeterminable. Management is of the opinion that the complaint will have no immediate material negative effect on the Group's operating and finance activities.

(2) Commitments

A. The Company entered into a capital increase contract with Precise Biometrics AB for the acquisition of 5,609 thousand shares at a price of SEK 6.44 per share, equivalent to 12.14% equity interest. As of September 30, 2022, the acquisition contracted but not yet paid was \$104,763.

B. A subsidiary of the Group, Alcorlink Corp., entered into contracts for the acquisition of intangible assets and designing of chips and IC components. As of September 30, 2022, the purchases contracted but not yet paid was \$22,256.

A subsidiary of the Group, ENE Technology Inc., entered into contracts for the licensing of software and technology and shall pay the software licensing fees in accordance with the contract and a certain amount of royalties calculated based on production unit. As of September 30, 2022, the licensing costs contracted but not yet paid was \$38,429.

C. The Group entered into a long-term contract with suppliers which stipulates related years and minimum amount or quantity that the Group needs to purchase from suppliers.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On August 24, 2022, the Boards of Directors of the Group's subsidiary, Alcorlink Corp., and associate, AlgoTek, Inc., resolved to conduct a share exchange. After the exchange, Alcorlink Corp. will be delisted from the stock exchange. The share exchange had been resolved at the special shareholders' meeting of each entity on October 13, 2022.

Taking into consideration future long-term development needs, the Group will convert the shares held in Alcorlink Corp. into new shares of AlgoTek, Inc. on the effective date of the share exchange (temporarily set on April 1, 2023) as resolved by the Board of Directors of the Group's subsidiary, Alcor, on October 11, 2022. After the transaction, the Group is expected to be the single largest shareholder of AlgoTek, Inc. with a 31.84% equity interest in AlgoTek, Inc. after the capital increase. The Group plans to actively obtain substantial control over AlgoTek, Inc. considering existing equity interest and future overall strategic planning.

12. Others

(1) Capital management

There was no significant change in the reporting period. Refer to Note 6(25) in the consolidated financial statements for the year ended December 31, 2021.

(2) Financial instruments

A. Financial instruments by category

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets</u>			
Financial assets at fair value through profit or loss (Note 1)	\$ 2,138,280	\$ 1,381,604	\$ 811,349
Financial assets at fair value through other comprehensive income (Note 2)	\$ 1,991,108	\$ 409,070	\$ 449,977
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,538,188	\$ 2,325,144	\$ 4,203,881
Financial assets at amortised cost (Note 3)	655,172	677,700	1,379,403
Accounts receivable (including related parties)	538,469	608,734	505,170
Other receivables	113,562	76,894	150,150
Guarantee deposits paid	56,559	13,027	13,169
	<u>\$ 2,901,950</u>	<u>\$ 3,701,499</u>	<u>\$ 6,251,773</u>
	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 1,040,000	\$ 100,000	\$ 100,000
Notes payable	-	-	-
Accounts payable	369,286	331,422	215,401
Long-term borrowings (including current portion)	1,717,655	850,000	850,000
Other payables (including related parties)	582,030	451,602	311,257
Refund liabilities	68,692	75,139	63,098
Guarantee deposits received	724	492	492
	<u>\$ 3,778,387</u>	<u>\$ 1,808,655</u>	<u>\$ 1,540,248</u>
Lease liabilities	<u>\$ 214,307</u>	<u>\$ 119,689</u>	<u>\$ 120,359</u>

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

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

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

B. Financial risk management policies

There was no significant change in the reporting period. Refer to Note 6(24) in the consolidated financial statements for the year ended December 31, 2021.

C. Significant financial risks and degrees of financial risks

There was no significant change in the reporting period. Refer to Note 6(24) in the consolidated financial statements for the year ended December 31, 2021, except for the items explained below:

(a) Market risk

Foreign exchange risk

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

	September 30, 2022				
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 44,770	31.75	\$ 1,421,448	1%	\$ 14,214
<u>Non-monetary items</u>					
USD:NTD	29,337	31.75	931,450		
<u>Effect from net assets of consolidated entities measured at foreign currency</u>					
USD:NTD	15,154	31.75	481,130		
RMB:USD	11,617	6.61	51,963		
RMB:NTD	8,812	6.61	58,247		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	16,227	31.75	515,207	1%	5,152

December 31, 2021					
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 54,165	27.68	\$ 1,499,287	1%	\$ 14,993
<u>Non-monetary items</u>					
USD:NTD	46,873	27.68	1,297,445		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	20,570	27.68	569,378	1%	5,694
September 30, 2021					
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 57,172	27.85	\$ 1,592,240	1%	\$ 15,922
<u>Non-monetary items</u>					
USD:NTD	26,505	27.85	738,164		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	13,405	27.85	373,329	1%	3,733

The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the three months and nine months ended September 30, 2022 and 2021, amounted to \$73,138, \$1,007, \$162,070 and (\$35,078), respectively.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. On September 30, 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.
- ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the nine months ended September 30, 2022 and 2021 would have increased/decreased by \$16,546 and \$5,700, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Liquidity risk

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

	September 30, 2022	
	Less than a year	Over a year
<u>Non-derivative financial liabilities:</u>		
Short-term borrowings	\$ 1,041,099	\$ -
Accounts payable	369,286	-
Other payables (including related parties)	582,030	-
Lease liabilities	76,294	141,248
Long-term borrowings (including current portion)	392,425	1,417,252
	December 31, 2021	
	Less than a year	Over a year
<u>Non-derivative financial liabilities:</u>		
Short-term borrowings	\$ 100,072	\$ -
Accounts payable	331,422	-
Other payables (including related parties)	450,690	-
Lease liabilities	34,146	88,573
Long-term borrowings (including current portion)	48,753	826,801

	September 30, 2021	
	Less than a year	Over a year
<u>Non-derivative financial liabilities:</u>		
Short-term borrowings	\$ 100,069	\$ -
Accounts payable	215,401	-
Other payables (including related parties)	303,375	-
Lease liabilities	35,755	88,277
Long-term borrowings (including current portion)	11,959	868,688

(3) Fair value information

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

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

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

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

B. Financial instruments not measured at fair value:

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

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

	September 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss				
Beneficiary certificates	\$ 1,145,701	\$ -	\$ 44,086	\$ 1,189,787
Equity instruments	407,012	-	167,228	574,240
Principal guaranteed notes	-	120,282	-	120,282
Convertible bonds	-	-	189,293	189,293
Unlisted private equity fund	-	-	64,678	64,678
Financial assets at fair value				
through other comprehensive				
income				
Equity instruments	905,060	-	925,697	1,830,757
Debt instruments	160,351	-	-	160,351
	<u>\$ 2,618,124</u>	<u>\$ 120,282</u>	<u>\$ 1,390,982</u>	<u>\$ 4,129,388</u>
December 31, 2021				
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss				
Beneficiary certificates	\$ 860,922	\$ -	\$ 35,818	\$ 896,740
Equity instruments	-	-	34,826	34,826
Convertible bonds	-	-	450,038	450,038
Financial assets at fair value				
through other comprehensive				
income				
Equity instruments	-	-	357,271	357,271
Debt instruments	51,799	-	-	51,799
	<u>\$ 912,721</u>	<u>\$ -</u>	<u>\$ 877,953</u>	<u>\$ 1,790,674</u>

	September 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 748,308	\$ -	\$ 28,214	\$ 776,522
Equity instruments	-	-	34,827	34,827
Financial assets at fair value through other comprehensive income				
Equity instruments	-	-	355,029	355,029
Debt instruments	94,948	-	-	94,948
	<u>\$ 843,256</u>	<u>\$ -</u>	<u>\$ 418,070</u>	<u>\$ 1,261,326</u>

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

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

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

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

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

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

F. For the nine months ended September 30, 2022 and 2021, there was no transfer between Level 1 and Level 2.

G. The following chart is the movement of Level 3 for the nine months ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
	Non-derivative instrument	Non-derivative instrument
At January 1	\$ 877,953	\$ 395,130
Business combinations	579,420	-
Gains recognised in profit or loss	29,941	6,992
Losses recognised in other comprehensive income	(117,726)	(27,056)
Acquired during the period	366,851	51,057
Disposed during the period	(348,669)	(8,053)
Effect of exchange rate changes	3,212	-
At September 30	<u>\$ 1,390,982</u>	<u>\$ 418,070</u>

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

(Blank)

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

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

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 392,097	Market comparable companies	Discount for lack of marketability Price to book ratio multiple	30% 2.21~4.86	The higher the discount for lack of marketability, the lower the higher the multiple, the higher the
Private equity fund	35,818	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Convertible bonds	450,038	Discounted cash flow	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower
	Fair value at September 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 389,856	Market comparable companies	Discount for lack of marketability Price to book ratio multiple	30% 4.24	The higher the discount for lack of marketability, the lower the higher the multiple, the higher the
Private equity fund	28,214	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.

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

		September 30, 2022				
		Recognised in profit or loss		Recognised in other comprehensive income		
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ 1,672	(\$ 1,672)	\$ 4,511 (\$ 4,511)	
Equity instrument	Discount for lack of marketability	±1%	-	-	423 (409)	
Equity instrument	Discount for lack of control	±1%	-	-	438 (423)	
Debt instrument	Discount for lack of marketability	±1%	1,893	(1,893)	- -	

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 3,573	(\$ 3,573)
Debt instrument	Discount for lack of marketability	±1%	4,500	(4,500)	-	-
			September 30, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 3,035	(\$ 3,035)

13. Supplementary Disclosures

(1) Significant transactions information

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Refer to table 7.

14. Segment Information

(1) General information

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

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

<u>Nine months ended September 30, 2021</u>	<u>Egis and its subsidiaries</u>	<u>Alcor and its subsidiaries</u>	<u>Total</u>
Total segment revenue	<u>\$ 2,631,666</u>	<u>\$ -</u>	<u>\$ 2,631,666</u>
Segment loss	<u>(\$ 235,057)</u>	<u>\$ -</u>	<u>(\$ 235,057)</u>

(2) Measurement of segment information

A. Segment income (loss) of the Group is measured using the pre-tax operating margin and is used as a basis for performance assessment. The accounting policies and accounting estimates of operating segment are in agreement with the summary of significant accounting policies and the critical accounting estimates and assumptions described in Notes 4 and 5.

B. The revenue (excluding revenue from transactions of other operating segments in the entities), income (loss) and financial information from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

C. The amounts provided to the chief operating decision maker with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Provision of endorsements and guarantees to others
Nine months ended September 30, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/guarantor	Party being endorsed/ guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2022	Outstanding endorsement/ guarantee amount at September 30, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements /guarantees by parent company to subsidiary	Provision of endorsements /guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 1)											
0	The Company	CoreSystem Technology	1	\$ 745,886	\$ 127,000 (USD 4,000)	-	-	-	2.98%	\$ 2,131,540	N	N	Y	

Note 1: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following categories:
Having business relationship.

Note 2: The Company's limit of total endorsement/guarantee amount and to single party both were 50% of net assets on the latest audited or reviewed financial statements. The endorsement/guarantee arises from business transaction, except for the limit mentioned above, the individual limit on endorsement/guarantee shall not exceed the transaction amount between both parties on the latest attested financial statements.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of September 30, 2022				Footnote
					No. of shares (in thousands)	Book value	Ownership (%)	Fair value	
EGIS TECHNOLOGY INC.	Stock	Gingy Technology Inc.	None	Note 3	131	\$ 86	1.57%	\$ 85	
"	"	Integrated Digital Technologies, Inc.	"	"	4,000	-	13.96%	-	
"	"	AIS Storm, Inc.	"	"	5,211	183,787	19.68%	183,787	
"	"	MEMS DRIVE INC.	"	"	188	16,966	2.87%	16,966	
"	"	ION ELECTRONIC MATERIALS CO., LTD.	"	"	1,600	79,303	5.64%	79,303	
"	"	Astrogate Inc.	"	"	1,000	2,499	16.67%	2,499	
"	"	MP High Tech Solutions Pty Ltd.	"	"	1,011	16,906	3.53%	16,906	
"	"	Gallopwave Inc.	"	"	2,500	10,073	5.00%	10,073	
"	"	xMEMS Labs, Inc.,	"	"	1,003	8,640	1.15%	8,640	
"	"	Attopsemi Technology Co., Ltd.	"	"	500	115,585	4.82%	115,585	
"	"	CyteSi, Inc.,	"	"	163	4,120	1.40%	4,120	
"	"	Silicon Optronics, Inc.	"	"	12,641	900,022	16.17%	900,022	
"	"	Augentix Inc.	"	"	1,050	13,131	7.05%	13,131	
"	Bonds	Bank of America Corporation USD Senior Unsecured	"	"	-	41,749	-	41,750	
"	"	SOFTBK 4 07/06/26 (XS2361252971)	"	"	-	5,212	-	5,212	
"	"	TSMC GLOBAL LTD.	"	"	-	43,933	-	43,933	
"	"	T-Mobile USA, Inc.	"	"	-	47,271	-	47,271	
"	Stock	BE Epitaxy Semiconductor Technology Co., Ltd.	"	Note 6	13,333	80,000	8.89%	80,000	
"	"	Dian-Te Gas Investment LP	"	"	-	69,000	67.32%	69,000	
"	"	Airoha Technology Corp.	"	"	560	292,124	0.38%	292,124	
"	"	JET OPTOELECTRONICS CO., LTD.	"	"	2,400	114,888	4.71%	114,888	
"	Funds	Vertex Growth (SG) LP	"	"	-	47,979	-	47,979	
"	"	Vertex Growth II (SG) LP	"	"	-	7,538	-	7,538	
"	"	Vertex Venture (SG) SEA IV LP	"	"	-	9,161	-	9,161	
"	Beneficiary	Shin Kong No.1 REIT	"	"	-	103,500	-	103,500	
"	Stock	Sirius Wireless Pte. Ltd.	"	Note 1	10,020	18,228	8.01%	18,228	
"	Funds	M&G (Lux) Optimal Income Fund A	"	"	-	92,838	-	92,838	
"	"	Allianz Global Investors US Short Duration High Income Bond Fund USD B)	"	"	-	43,295	-	43,295	
"	"	PineBridge Preferred Securities Income Fund TWD A	"	"	-	95,726	-	95,726	
"	"	Nomura Fallen Angel Non-Investment Grade Bond Fund Dividend pay-monthly USD	"	"	-	89,285	-	89,285	
"	"	BlackRock Global Fund - Global High Yield Bond Fund	"	"	-	47,298	-	47,298	

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of September 30, 2022				Footnote
					No. of shares (in thousands)	Book value	Ownership (%)	Fair value	
EGIS TECHNOLOGY INC.	Funds	Cathay US Asset Income Fund	None	Note 1	-	\$ 37,983	-	\$ 37,983	
"	"	Cathy Real Estate Income Fund	"	"	-	17,539	-	17,539	
"	Convertible bonds	Netlink Communication Inc. Convertible bonds	"	Note 6	-	157,543	-	157,543	
"	"	Gear Radio Limited. Convertible bonds	"	"	-	31,750	-	31,750	
Alcor Micro, Corp.	Funds	Taishin 1699 Money Market Fund	"	Note 1	4,413	60,581	-	60,581	
"	"	PGIM Money Market Fund	"	"	1,879	30,123	-	30,123	
"	"	FSITC Taiwan Money Market Fund	"	"	3,232	50,164	-	50,164	
"	"	Eastspring Investments Well Pool Money Market Fund	"	"	1,459	20,097	-	20,097	
"	"	Allianz Global Investors Taiwan Money Market Fund	"	"	3,152	40,033	-	40,033	
"	"	PGIM Return Fund	"	"	631	9,813	-	9,813	
"	"	Allianz Global Investors US Short Duration High Income Bond Fund	"	"	941	9,502	-	9,502	
"	"	PGIM USD High Yield Bond Fund	"	"	524	4,792	-	4,792	
"	"	Eastspring Investments Optm Inc FoFsAUDS	"	"	896	9,498	-	9,498	
"	"	KGI LOHAS Multi-Asset Fund -ZAR NB	"	"	300	3,000	-	3,000	
"	"	Yuanta Global Leaders Balanced Fund-USD (I)	"	"	500	5,140	-	5,140	
"	"	CTBC ESG Carbon Transition Multi-Asset Fund	"	"	600	5,634	-	5,634	
"	"	PGIM Global Eco-Friendly ESG Multi-Asset Fund Inc TWD	"	"	600	6,009	-	6,009	
"	"	CTBC Global Tech Trends Multi-Asset Fund-USD NB	"	"	1,300	12,268	-	12,268	
"	"	Nomura Global Infrastructure Megatrend Fund USD	"	"	489	4,569	-	4,569	
"	"	PGIM Global New Supply Chain Fund-TWD(A)	"	"	200	1,808	-	1,808	

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of September 30, 2022				Footnote
					No. of shares (in thousands)	Book value	Ownership (%)	Fair value	
Alcor Micro, Corp.	Principal protected note	President Securities Corporation Principal Guaranteed Note NO.72	"	Note 1	-	\$ 30,066	-	\$ 30,066	
"	"	President Securities Corporation Principal Guaranteed Note NO.73	"	"	-	30,066	-	30,066	
"	"	President Securities Corporation Principal Guaranteed Note NO.2173	"	"	-	30,075	-	30,075	
"	"	President Securities Corporation Principal Guaranteed Note NO.2174	"	"	-	30,075	-	30,075	
"	Stock	Shin Kong Financial Holding Co.,Ltd. Preferred Shares A	"	Note 2	130	5,038	0.17%	5,038	
"	"	HUA VI VENTURE CAPITAL CORPORATION	"	Note 3	11	1,974	2.11%	1,974	
"	"	WK Venture Capital XI	"	"	15,380	273,611	15.38%	273,611	
"	"	FOXFORTUNE TECHNOLOGY II VENTURES LIMITED	"	"	1,000	33,191	5.80%	33,191	
"	"	Koodata Inc. Preferred Stock	"	"	2,375	16,127	2.73%	16,127	
"	"	Koodata Inc.Common Stock	"	"	10,088	74,995	11.60%	74,995	
"	"	Helios Bioelectronics Inc.	"	"	14,300	60,000	10.77%	60,000	
"	Bonds	AT&T Inc.	"	Note 2	-	2,102	-	2,102	
"	Beneficiary	Fuyou Venture Capital Co., Ltd	"	Note 6	-	11,836	-	11,836	
Alcorlink Corp.	Funds	Fuh Hwa Fund	"	Note 1	2,896	32,250	-	32,250	
"	Bonds	STANDARD CHARTERED PLC.	"	Note 4	-	15,621	-	15,621	
"	Bonds	"	"	Note 5	-	15,633	-	15,633	
Alcor Micro Tech. (ShenZhen) Ltd.	Funds	CR Yuanta Cash Income Money Market Fund B	"	Note 1	7,225	32,325	-	32,325	
Syncomm Technology Corp.	"	PGIM Money Market Fund	"	"	4,126	66,163	-	66,163	
"	"	Mega Diamond Money Market Fund	"	"	3,203	40,729	-	40,729	
"	"	JIH SUN MONEY MARKET FUND	"	"	2,675	40,214	-	40,214	
Alcor Micro Technology, Inc.	Stock	NGD Systems Inc.	"	Note 3	8,705	14,704	3.45%	14,704	
Alcor Micro Technology,(H.K.) Limited	Bonds	HP Inc.	None	Note 2	-	2,153	-	2,153	
"	"	Power Finance Corp. Ltd.	"	"	-	5,639	-	5,639	
"	"	Natwest Group Plc.	"	"	-	3,182	-	3,182	
"	"	TSMC Arizona Corp.	"	"	-	6,051	-	6,051	
"	"	AT&T Inc.5.35% Global Notes due 2066 (TBB)	"	"	4	3,058	-	3,058	

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of September 30, 2022				Footnote
					No. of shares (in thousands)	Book value	Ownership (%)	Fair value	
Chun-Feng Investment Limited	Funds	Allianz Global Investors Taiwan Money Market Fund	"	Note 1	4,746	\$ 60,283	-	\$ 60,283	
"	"	PGIM Money Market Fund	"	"	2,505	40,167	-	40,167	
"	"	Eastspring Investments Well Pool Money Market Fund	"	"	2,184	30,090	-	30,090	
"	"	Nomura Taiwan Money Market Fund	"	"	1,821	30,090	-	30,090	
ENE Technology Inc.	"	JIH SUN MONEY MARKET FUND	"	"	342	5,145	-	5,145	
"	Stock	TOUCHSENS CORP.	"	Note 3	250	-	7.59%	-	

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

Note 2: Non-current available-for-sale financial assets.

Note 3: Non-current financial assets at fair value through other comprehensive income.

Note 4: Current financial assets at amortised cost.

Note 5: Non-current financial assets at amortised cost.

Note 6: Non-current financial assets at fair value through profit or loss.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
 Nine months ended September 30, 2022

Table 3

Expressed in thousands of NTD
 (Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the counterparty	Balance as at January 1, 2022		Addition		Disposal				Balance as at September 30, 2022	
					No. of shares (in thousands)	Amount	No. of shares (in thousands)	Amount	No. of shares (in thousands)	Selling price	Book value	Gains (losses) on disposal	No. of shares (in thousands)	Amount (Note)
The Company	iCatch Technology Inc.	Long-term equity investment accounted for using equity method	None	None	10,000	\$ 652,000	8,000	\$ 537,600	-	\$ -	\$ -	\$ -	18,000	\$ 1,155,357
"	Silicon Optronics, Inc.	Financial assets at fair value through other comprehensive income	"	"	-	-	12,499	1,537,347	-	-	-	-	12,499	900,022
"	Airoha Technology Corp.	Financial assets at fair value through profit or loss - non-current	"	"	-	-	560	374,452	-	-	-	-	560	292,124

Note: Including income (loss) accounted for using equity method or adjustment measured at fair value.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Significant inter-company transactions during the reporting periods
Nine months ended September 30, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Alcor Micro, Corp.	Alcor Micro Technology (H.K.) Limited	3	Sales revenue (Note 6)	34,063	Transaction prices and terms were similar to non- related party	1.39%

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

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

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

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

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

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

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

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

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Information on investees

Nine months ended September 30, 2022

Table 5

Unit: Thousands of NTD/shares

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022			Net income of investee for the nine months ended September 30, 2022	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	No. of shares	Ownership (%)	Book value			
The Company	Egis Technology (Japan) Inc.	Japan	Customer service, business promotion and technical service	\$ 109,279	\$ 109,279	7,680	100.00%	\$ 695	\$ 349	\$ 349	
"	Egis Technology (Korea) Inc.	Korea	Customer service, business promotion and technical service	18,233	18,233	20	100.00%	25,266	1,824	1,824	
"	Igistec Co., Ltd.	Taiwan	Technology development	59,497	59,497	16,527	74.69%	9,566	(356)	(145)	
"	Sense Investment and Consulting Inc.	Taiwan	Holding company	1,880	1,880	167	100.00%	6,609	20	20	
"	Luxsentek Microelectronics Corp.	Taiwan	Technology development	140,000	140,000	14,000	86.93%	19,736	(56,829)	(49,402)	
"	Alcor Micro, Corp.	Taiwan	Technology development	742,563	794,600	20,000	22.16%	741,872	4,204	1,013	
"	VASUBI Technology Inc.	Taiwan	Technology development	10,000	-	1,000	100.00%	(2,116)	(12,116)	(12,116)	
"	NUI Technology Inc.	Taiwan	Technology development	90,000	-	9,000	100.00%	80,383	(9,617)	(9,617)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022			Net income of investee for the nine months ended September 30, 2022	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	No. of shares	Ownership (%)	Book value			
The Company	Taurus Wireless Inc.	Taiwan	Technology development	\$ 10,000	\$ -	1,000	100.00%	\$ 4,475	\$ (5,525)	\$ (5,525)	
"	Vitrio Technology	Taiwan	Technology development	4,970	4,970	-	-	-	(372)	-	
"	iCatch Technology Inc.	Taiwan	Technology development	1,189,600	652,000	18,000	21.03%	1,155,357	83,132	(36,404)	
"	SCT Holdings Ltd.	Cayman Islands	Design, development and sales of IC	1,537,347	-	6,404	20.00%	367,713	4,408	(5,886)	
"	Egis Innovation Fund G.P., Ltd.	Taiwan	General investment business	7,500	-	750	50.00%	7,500	-	-	
Alcor Micro, Corp.	Alcor Micro Technology, Inc. (AMTI)	Cayman Islands	Investment holding company	850,378	788,050	28,613,000	100.00%	113,417	(35,836)	(35,836)	
"	AlgolTek, Inc.	Taiwan	Development, design and sales of IC	73,782	73,782	5,256,631	19.57%	223,585	52,102	10,208	
"	Syncomm Technology Corp.	Taiwan	Development, design and sales of IC	133,578	133,578	8,444,245	26.72%	126,229	65,069	17,401	
"	Alcorlink Corp.	Taiwan	Development, design and sales of IC	259,214	259,214	14,640,133	49.99%	317,852	22,153	11,074	
"	Chun-Feng Investment Limited	Taiwan	General investment business	90,000	90,000	9,000,000	100.00%	129,943	25,230	20,946	
"	ENE Technology Inc.	Taiwan	Development, design and sales of IC	252,800	252,800	8,000,000	17.65%	267,255	79,131	12,325	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022			Net income of investee for the nine months ended September 30, 2022	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	No. of shares	Ownership (%)	Book value			
Chun-Feng Investment Limited	AlgoTek, Inc.	Taiwan	Development, design and sales of IC	\$ 5,814	\$ 22,344	179,353	0.67%	\$ 7,502	\$ 52,102	\$ 1,259	
„	Syncomm Technology Corp.	Taiwan	Development, design and sales of IC	17,943	17,943	1,719,642	5.44%	21,951	65,069	3,542	
Alcor Micro Technology, Inc. (AMTI)	Alcor Micro Technology, (H.K.) Limited (AMTHK)	Hong Kong	Electronic equipment	520,107	520,107	18,790,000	100.00%	42,449	(37,959)	(37,959)	

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

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Information on investments in Mainland China
Nine months ended September 30,2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended September 30, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Net income of investee for the nine months ended September 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	Book value of investments in Mainland China as of September 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Egis Intelligent (Shanghai) Co., Ltd.	Customer service, business promotion and technical service	\$ 55,521	Note 2	\$ 63,500	\$ -	\$ -	\$ 63,500	\$ 1,394	100.00	\$ 1,394	\$ 57,695	\$ -	Note 3
Alcor Micro Tech. (ShenZhen) Ltd.	After sales service and collection of business intelligence	56,960	Note 1	56,960	-	-	56,960	2,318	100.00	2,318	51,963	-	"
ENE Touch Technology Co., Ltd. (ENE Touch)	Wholesale of electronic materials	9,047	Note 2	9,047	-	-	9,047	(1,608)	17.65	(284)	552	-	"

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
EGIS TECHNOLOGY INC.	\$ 63,500	\$ 63,500	\$ 4,699,109
Alcor and its subsidiary	66,007	66,007	2,508,919

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

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

Note 3: Investment income (loss) was recognised based on the financial reports reviewed by auditors in the same period.

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

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

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Major shareholders information

September 30, 2022

Table 7

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Sen-Chou Lo	9,006,262	13.00%