

Stock Code : 6243

**ENE TECHNOLOGY INC AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL
STATEMENTS AND REVIEW REPORT OF
INDEPENDENT ACCOUNTANTS**

September 30th, 2022 AND 2021

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Translated Independent Auditor's Review Report

To the Board of Directors of ENE TECHNOLOGY INC.:

Introduction

We have reviewed the consolidated balance sheets of ENE TECHNOLOGY INC and subsidiaries as of September 30th, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flow for the nine-month periods 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 above said financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standards 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No.65 “Review of Financial Information Performed by the Independent Auditor of the Equity”. 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 assure full awareness of all significant matters that might be identified in an audit. Thus, we are not able to express an audit opinion.

Qualified Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Company as of September 30th, 2022 and 2021, its consolidated financial performance for the three months ending September 30th, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the nine months ending September 30th, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by

Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed by and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Items – Last quarter was reviewed by other auditors

2021 Q3 consolidated financial report of ENE Technology Inc. and its subsidiaries was reviewed by other auditors and was issued unqualified opinions on 2021 November 2nd.

P r i c e w a t e r h o u s e C o o p e r s T a i w a n

Chin-Chang Chen

CPA

Pei-Chuan Huang

2022. 11.01

ENE Technology Inc. and Subsidiaries
Consolidated Balance Sheet
As of 2022.09.30, 2021.12.31 and 2021.09.30
(09.30 of 2022 and 2021 are reviewed, not audited)

Unit: NTD thousands

Assets		Note	2 0 2 2 . 0 9 . 3 0		2 0 2 1 . 1 2 . 3 1		2 0 2 1 . 0 9 . 3 0	
			A m o u n t	%	A m o u n t	%	A m o u n t	%
Current Assets								
1100	Cash & cash equivalents	6(1)	\$ 234,106	20	\$ 400,584	37	\$ 139,999	16
1110	Financial assets measured by	6(2)						
	fair value through P&L-current		5,145	-	-	-	-	-
1136	Financial asset after amortization	6(3) & 8						
	— current		225,689	20	225,087	21	287,818	32
1170	Net accounts receivables	6(4) & 8	214,639	19	189,091	18	221,661	25
1180	Accounts receivable- related	7						
	parties		22,542	2	29,163	3	25,163	3
130X	Inventories	6(5)	360,904	32	176,969	16	155,423	17
1410	Pre-payments		22,823	2	15,335	1	19,542	2
1479	Other current assets-others		6,156	1	3,338	-	1,010	-
11XX	Total Current Assets		1,092,004	96	1,039,567	96	850,616	95
Non-Current Asset								
1535	Financial assets after amortization	6(3) & 8						
	— non current		1,041	-	1,038	-	1,035	-
1600	Property, plant and equipment	6(6)	20,895	2	19,846	2	20,471	2
1755	Right-of-use asset	6(7)	12,687	1	8,658	1	10,338	1
1780	Intangible asset		702	-	1,512	-	740	-
1840	Deferred tax asset		6,871	-	6,871	-	3,573	1
1900	Other non-current assets		7,850	1	7,885	1	8,070	1
15XX	Total Non-current assets		50,046	4	45,810	4	44,227	5
1XXX	Total Assets		\$ 1,142,050	100	\$ 1,085,377	100	\$ 894,843	100

(Continue next page)

ENE Technology Inc. and Subsidiaries
Consolidated Balance Sheet
As of 2022.09.30, 2021.12.31 and 2021.09.30
(09.30 of 2022 and 2021 are reviewed, not audited)

Unit: NTD thousands

Liabilities and Equity		Note	2022.09.30		2021.12.31		2021.09.30	
			A m o u n t	%	A m o u n t	%	A m o u n t	%
Current Liabilities								
2100	Short term loan	6(8)	\$ 150,000	13	\$ 162,272	15	\$ 272,893	31
2170	Account payables		136,906	12	102,119	9	75,956	8
2180	Account payable—related parties	7	3,018	-	5,491	-	4,751	1
2200	Other account payables	6(9)	40,929	4	39,612	4	28,459	3
2280	Lease liabilities-current	6(7)	5,333	-	6,505	1	6,720	1
2320	Loan term loan matured within 1 year	6(10)	5,455	1	7,273	1	7,273	1
2399	Other current liabilities-others		2,545	-	2,655	-	3,627	-
21XX	Total current liabilities		<u>344,186</u>	<u>30</u>	<u>325,927</u>	<u>30</u>	<u>399,679</u>	<u>45</u>
Non-Current liabilities								
2540	Loan term loan	6(10)	-	-	3,636	1	5,455	1
2570	Deferred income tax liabilities		43	-	34	-	26	-
2580	Lease liabilities—non current	6(7)	7,647	1	2,580	-	4,083	-
2600	Other non current liabilities		6	-	-	-	-	-
25XX	Non current liabilities		<u>7,696</u>	<u>1</u>	<u>6,250</u>	<u>1</u>	<u>9,564</u>	<u>1</u>
2XXX	Total liabilities		<u>351,882</u>	<u>31</u>	<u>332,177</u>	<u>31</u>	<u>409,243</u>	<u>46</u>
Equity								
Equity attributed to Parent								
Capital		6(13)						
3110	Ordinary share capital		453,228	40	443,228	41	363,228	41
Capital surplus		6(14)						
3200	Capital surplus		276,768	24	254,767	23	81,967	9
Retained earnings		6(15)						
3310	Legal reserve		6,007	-	-	-	-	-
3350	Undistributed earnings		88,870	8	60,069	5	45,299	5
Other equity		6(16)						
3400	Other equity		(34,705)	(3)	(4,864)	-	(4,894)	(1)
31XX	Total equity attributed to Parent company		<u>790,168</u>	<u>69</u>	<u>753,200</u>	<u>69</u>	<u>485,600</u>	<u>54</u>
Significant or liable and unrecognized committed contract		9						
3X2X	Total liabilities and equity		<u>\$ 1,142,050</u>	<u>100</u>	<u>\$ 1,085,377</u>	<u>100</u>	<u>\$ 894,843</u>	<u>100</u>

ENE Technology Inc and Subsidiaries
Consolidated Statement of Comprehensive Income
As of 01.01~09.30 of 2022 and 2021
(Reviewed, not audited)

Unit: NTD thousands
(EPS is expressed in dollar)

	Item	Note	2022.07.01~09.30		2021.07.01~09.30		2022.01.01~09.30		2021.01.01~09.30	
			A m o u n t	%	A m o u n t	%	A m o u n t	%	A m o u n t	%
4000	Operating revenue	6(17)& 7	\$ 158,452	100	\$ 234,078	100	\$ 543,230	100	\$ 634,798	100
5000	Operating cost	6(5)	(101,595)	(64)	(149,759)	(64)	(362,548)	(66)	(435,475)	(69)
5900	Gross margin		56,857	36	84,319	36	180,682	34	199,323	31
	Operating expense	6(19)								
6100	Selling expense		(19,888)	(12)	(16,120)	(7)	(57,881)	(11)	(41,706)	(6)
6200	General & admin expense		(21,334)	(13)	(22,593)	(10)	(62,636)	(11)	(56,335)	(9)
6300	R & D expense		(24,636)	(16)	(19,344)	(8)	(63,815)	(12)	(48,329)	(8)
6450	Expected credit loss		13	-	1,553	1	(140)	-	(45)	-
6000	Total operating expense		(65,845)	(41)	(56,504)	(24)	(184,472)	(34)	(146,415)	(23)
6900	Operating profit (loss)		(8,988)	(5)	27,815	12	(3,790)	-	52,908	8
	Non-operating income and expense									
7100	Interest income		1,920	1	155	-	2,767	-	536	-
7010	Other income		90	-	-	-	198	-	-	-
7020	Other profit and loss	6(18)	35,394	22	(1,785)	(1)	81,536	15	(5,771)	(1)
7050	Financial cot		(597)	-	(753)	-	(1,580)	-	(2,374)	-
7000	Total of non operating income and expense		36,807	23	(2,383)	(1)	82,921	15	(7,609)	(1)
7900	Profit before income tax		27,819	18	25,432	11	79,131	15	45,299	7
7950	Income tax expense	6(20)	-	-	-	-	-	-	-	-
8200	Net profit for the period		<u>\$ 27,819</u>	<u>18</u>	<u>\$ 25,432</u>	<u>11</u>	<u>\$ 79,131</u>	<u>15</u>	<u>\$ 45,299</u>	<u>7</u>
	Other comprehensive profit and loss (net)									
	Items may be reclassified to profit or loss									
8361	Cumulative translation differences of foreign operation	6(16)	\$ 3	-	(\$ 13)	-	\$ 36	-	(\$ 52)	-
8300	Other comprehensive profit and loss (net)		<u>\$ 3</u>	<u>-</u>	<u>(\$ 13)</u>	<u>-</u>	<u>\$ 36</u>	<u>-</u>	<u>(\$ 52)</u>	<u>-</u>
8500	Total comprehensive profit and loss		<u>\$ 27,822</u>	<u>18</u>	<u>\$ 25,419</u>	<u>11</u>	<u>\$ 79,167</u>	<u>15</u>	<u>\$ 45,247</u>	<u>7</u>
	Net profit attributed to									
8610	Parent company		<u>\$ 27,819</u>	<u>18</u>	<u>\$ 25,432</u>	<u>11</u>	<u>\$ 79,131</u>	<u>15</u>	<u>\$ 45,299</u>	<u>7</u>
	Total comprehensive profit & loss attributed to :									
8710	Parent company		<u>\$ 27,822</u>	<u>18</u>	<u>\$ 25,419</u>	<u>11</u>	<u>\$ 79,167</u>	<u>15</u>	<u>\$ 45,247</u>	<u>7</u>

ENE Technology Inc and Subsidiaries
Consolidated Statement of Comprehensive Income
As of 01.01~09.30 of 2022 and 2021
(Reviewed, not audited)

Unit: NTD thousands
(EPS is expressed in dollar)

	Earning per share	6(21)					
9750	Basic earning per share		<u>\$ 0.63</u>	<u>\$ 0.70</u>	<u>\$ 1.79</u>	<u>\$ 1.25</u>	
9850	Diluted earning per share		<u>\$ 0.62</u>	<u>\$ 0.69</u>	<u>\$ 1.75</u>	<u>\$ 1.22</u>	

ENE Technology Inc. & Subsidiaries
Consolidated Statements of Changes in Equity
As of 20220101 to 20220930
(Reviewed, not audited)

Unit : NTDS Thousands

		Equity attributed to Parent Company							
		Capital surplus		Retained earnings		Others			
Note	Ordinary shares capital	Capital Surplus — Premium	Capital Surplus — Others	Legal reserve	Undistributed earning	Cumulative translation differences of foreign operation	Unrealized P&L from financial assets measured at fair value through P&L	Other equity — Others	Total equity
<u>2021</u>									
Balance as of 0101	\$ 749,767	\$ 68,283	\$ 13,684	\$ -	(\$ 386,539)	\$ 158	(\$ 5,000)	\$ -	\$ 440,353
Net profit of the period	-	-	-	-	45,299	-	-	-	45,299
Comprehensive P & L of the period	6(16)	-	-	-	-	(52)	-	-	(52)
Total of comprehensive P&L of the period	-	-	-	-	45,299	(52)	-	-	45,247
Capital reduction to compensate loss	6(13)	(386,539)	-	-	386,539	-	-	-	-
Balance as of 0930	\$ 363,228	\$ 68,283	\$ 13,684	\$ -	\$ 45,299	\$ 106	(\$ 5,000)	\$ -	\$ 485,600
<u>2022</u>									
Balance as of 0101	\$ 443,228	\$ 241,083	\$ 13,684	\$ -	\$ 60,069	\$ 136	(\$ 5,000)	\$ -	\$ 753,200
Net profit of the period	-	-	-	-	79,131	-	-	-	79,131
Comprehensive P & L of the period	6(16)	-	-	-	-	36	-	-	36
Total of comprehensive P&L of the period	-	-	-	-	79,131	36	-	-	79,167
2021 earning distributions and allotment	6(15)								
Legal reserve	-	-	-	6,007	(6,007)	-	-	-	-
Cash dividends	-	-	-	-	(44,323)	-	-	-	(44,323)
Cash dividends from capital surplus	6(14)	(8,864)	-	-	-	-	-	-	(8,864)
Share-based payment transaction	6(12)(16)	10,000	-	30,865	-	-	-	(29,877)	10,988
Balance as of 0930	\$ 453,228	\$ 232,219	\$ 44,549	\$ 6,007	\$ 88,870	\$ 172	(\$ 5,000)	(\$ 29,877)	\$ 790,168

Please refer to accompanying notes to consolidated financial statements

ENE Technology Inc. and Subsidiaries
Consolidated Statements of Cash Flows
As of 20220101 to 20220930
(Reviewed, not audited)

Unit: NTD\$ Thousands

	Notes	20220101~0930	20210101~0930
<u>Cash flow from operating activities:</u>			
Income before income tax		\$ 79,131	\$ 45,299
Adjustments			
Income and expenses/loss items			
Depreciation	6(19)	11,581	9,024
Amortization	6(19)	1,636	274
Interest expenses		1,580	2,374
Interest income		(2,767)	(536)
Expected credit impairment loss	6(4)	140	45
Net financial asset at fair value through P&L	6(18)		
(profit) loss		(144)	20
Disposal of fixed assets loss		403	-
Profits from changes in lease		(15)	-
Cost for share-based payment compensation	6(12)	10,988	-
Changes in operating assets and liabilities			
Net changes in operating related assets			
Account receivables (include related parties)		(19,067)	(57,280)
Inventories		(183,935)	(10,025)
Prepaid payments		(7,488)	(6,003)
Other current assets		(2,641)	3,815
Net changes in operating related liabilities			
Account payables (include related parties)		32,314	6,910
Other account payables		1,341	6,609
Other current liabilities		(109)	1,014
Other non-current liabilities		6	-
Cash flows from operating activities (outflow) inflow		(77,046)	1,540
Interest received		2,383	547
Interest paid		(1,625)	(2,418)
Income tax paid		(177)	-
Net cash outflow from operating activities		(76,465)	(331)
<u>Cash flow from investment activities</u>			
Acquisition of financial asset at fair value through P&L			
- current		(80,000)	-
Disposal of financial asset at fair value through P&L -			
current		75,000	-
Acquisition of financial asset after amortization		(605)	-
Disposal of financial assets after amortization		-	3,812
Acquisition of real estate, plant and equipment	6(22)	(7,603)	(11,328)
Disposal of fixed asset		49	-
Acquisition of intangible assets		(826)	(1,014)
Decrease of refundable deposits (other non-current			
asset)		35	(1)
Net cash outflow from investment activities		(13,950)	(8,531)
<u>Cash flow from financing activities</u>			
Cash dividend	6(15)	(44,323)	-
Cash dividend from capital surplus	6(14)	(8,864)	-
Lease liabilities principle repayment	6(7)(23)	(5,494)	(5,089)
Decrease short term loan	6(23)	(12,272)	(28,556)
Long term loan repayment	6(23)	(5,455)	(5,455)
Net cash outflow from financing activities		(76,408)	(39,100)
Effect of exchange rate to cash and cash equivalent		345	(98)
Net decrease in cash and cash equivalent		(166,478)	(48,060)
Cash and cash equivalent at beginning of period		400,584	188,059

Please refer to accompanying notes to consolidated financial statements

ENE Technology Inc. and Subsidiaries
Consolidated Statements of Cash Flows
As of 20220101 to 20220930
(Reviewed, not audited)

Unit: NTD\$ Thousands

	<u>Notes</u>	<u>20220101~0930</u>	<u>20210101~0930</u>
Cash and cash equivalent at end of period		\$ <u>234,106</u>	\$ <u>139,999</u>

Please refer to accompanying notes to consolidated financial statements

ENE Technology Inc. and Subsidiaries
Notes to Consolidated Financial Statements
2022 and 2021 Third Quarter
(Reviewed, Not Audited)

Unit : NTD\$ thousands
(except otherwise indicated)

1. Company history

ENE TECHNOLOGY INC. (the “Company”) was incorporated as a company by shares on May 20th, 1998. The Company and its subsidiaries (the “Group”) is focused on the R&D, design, development, production and sales of electronic components, information software and circuit design services.

Alcor Micro Corp. is the parent company since June 9th, 2022, the ultimate controlling parent company is Egis Technology Inc.

2. The date and procedure of authorization for issuance of the consolidated financial statements

These consolidated financial statements were approved and authorized by the Board of Directors on November 1st, 2022.

3. Application of New Standards, Amendments, Principles and Interpretations

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

The new standards, amendments, principles and interpretations endorsed by the FSC effective from 2022 adopted by the Company are as follows

<u>New Standards / Amendments / Principles and Interpretations</u>	<u>Effective date by IASB</u>
Amendments to IFRS 3, “Reference to the conceptual framework”	2022.01.01
Amendments to IAS 16 “Property, Plant and Equipment-Proceeds before Intended Use”	2022.01.01
Amendments to IAS 37 “Onerous Contracts-Cost of Fulfilling a Contract”	2022.01.01
Annual Improvements to IFRS Standards 2018-2021	2022.01.01

After assessing the above standards and interpretations, the Group found no major impact on the consolidated financial report.

(2) The impact of IFRSs issued by IASB and endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, and endorsed by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policy”	2023.01.01
Amendments to IAS 8 “Definition of Accounting Estimates”	2023.01.01
Amendments to IAS 12 “Deferred tax related to Assets and Liabilities Arising from Single Transaction”	2023.01.01

After assessing the above standards and interpretations, the Group found no major impact on the consolidated financial report.

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

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”	TBD
Amendments to IFRS 16 “Lease liabilities in a sale and leaseback”	2024.01.01
IFRS 17 “Insurance Contracts”	2023.01.01
Amendments to IFRS 17 “Insurance Contracts”	2023.01.01
Amendments to IFRS 17 “Initial application of IFRS 17 and IFRS 9 – Comparative information”	2023.01.01
Amendments to IAS 1 “To classify debt as current or non-current”	2023.01.01

After assessing the above standards and interpretations, the Group found no major impact on the consolidated financial report.

4. Summary of Significant Accounting Policies

Other than the items indicated below, the significant accounting policies applied in the consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended Dec 31st, 2021 and have been applied consistently to all periods presented in the consolidated financial statements. Please refer to Note 4 of the consolidated financial statements dated Dec.31st 2021 for details.

(1) Statement of Compliance

1. The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and IAS 34, Interim Financial Reporting, as endorsed and issued into effect by the FSC.

2. Please read this report along with 2021 consolidated financial report.

(2) Preparation basis

1. Other than the items below, the consolidated report is prepared based on historical cost:

(1) Financial asset and liability at fair value through profit and loss, financial asset and liability at fair value through other comprehensive income.

(2) Defined benefit asset measured by pension asset less present value of defined benefit obligation.

2. Please refer to Note 5 for significant assumptions and estimations.

(3) Basis of consolidation

1. Preparation of the consolidated financial report

The principles of preparation of this consolidated report is identical to those of the 2021 consolidated report.

2. List of subsidiaries in the consolidated financial statements:

<u>Name of Investor</u>	<u>Name of Subsidiaries</u>	<u>Business</u>	<u>Percentage of ownership (%)</u>			<u>Note</u>
			<u>2022</u>	<u>2021</u>	<u>2021</u>	
			<u>09.30</u>	<u>12.31</u>	<u>09.30</u>	
ENE	Janus Power Electronics Pty Ltd. (Janus Power)	Electronic components	-	100	100	note
ENE	ENE Touch Technology Co., Ltd (ENE Touch)	Electronic materials distributor	100	100	100	

Note: Janus power was eliminated after simple merger with the Company on 2022.03.16.

3. List of subsidiaries which are not included in the consolidated financial statement: None.

(4) Employee benefits

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

(5) Income tax

Income tax expense is best estimated by multiplying pre-tax income of the interim period by a projected annual effective tax rate. The Company measures and discloses interim period income tax expense in accordance with paragraph B12 of IAS 34, Interim Financial Reporting.

5. Major Sources of Accounting Judgements, Estimations and Assumptions of Uncertainty

There is no significant change. Please refer to Note 5 of 2021 consolidated financial report.

6. Descriptions on Significant Accounts

(1) Cash and Cash Equivalent

	<u>2022.09.30</u>	<u>2021.12.31</u>	<u>2021.09.30</u>
Cash	\$ 30	\$ 200	\$ 197
Cash in Bank and Cheque	64,801	311,702	113,402
Term Deposit	<u>169,275</u>	<u>88,682</u>	<u>26,400</u>
	<u>\$ 234,106</u>	<u>\$ 400,584</u>	<u>\$ 139,999</u>

1. The above said term deposit is deemed as high liquidation investment matured within 3 months.
2. The Group deals with a number of financial institutions with good credibility, to lower credit risks. Thus, the risk to contract breach is deemed very low.
3. Cash and cash equivalents were not pledged for collateral. °

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

	<u>2022.09.30</u>	<u>2021.12.31</u>	<u>2021.09.30</u>
Current			
Financial assets at fair value through profit and loss			
Benefit certificates	\$ 5,132	\$ -	\$ -
Valuation adjustments	<u>13</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,145</u>	<u>\$ -</u>	<u>\$ -</u>

1. The recognized net profit (loss) of financial assets at fair value for the period 07.01 to 09.30, 2022 and 2021 are \$82, \$52, \$144 and (\$20).
2. The financial assets at fair value through profit and loss were not pledged for collateral.
3. Please refer to N12(3) for related information.

(3) Financial assets at amortized cost

	<u>2022.09.30</u>	<u>2021.12.31</u>	<u>2021.09.30</u>
Current			
>3 months Term deposit	\$ 5,000	\$ 21,608	\$ 5,000
Term deposit pledged for collateral	<u>220,689</u>	<u>203,479</u>	<u>282,818</u>
Total	<u>\$ 225,689</u>	<u>\$ 225,087</u>	<u>\$ 287,818</u>
Non current			
Term deposit pledged for collateral	<u>\$ 1,041</u>	<u>\$ 1,038</u>	<u>\$ 1,035</u>

1. Regardless of the collateral held or other credit enhancements, it is the most representative of the Group's holdings of financial assets measured at amortized cost, the largest credit risk on September 30, 2022 and 2021. The insurance amount is the book value of the recognized financial assets.
2. Please refer to Note 8 for details on financial asset at amortized cost pledged as collateral.
3. Please refer to Note 12(2) for the credit risks on financial assets at amortized cost. It is deemed that the possibility of contract breach is very low.

(4) Account receivables

	<u>2022.09.30</u>	<u>2021.12.31</u>	<u>2021.09.30</u>
Notes receivables	\$ -	\$ -	\$ 69
Account receivables	\$ 217,115	\$ 191,427	\$ 224,463
Less: allowances for doubtful accounts	(2,476)	(2,336)	(2,871)
	<u>\$ 214,639</u>	<u>\$ 189,091</u>	<u>\$ 221,592</u>

1. Age analysis:

	<u>2022.09.30</u>	<u>2021.12.31</u>	<u>2021.09.30</u>	
	<u>Account receivables</u>	<u>Account receivables</u>	<u>Account receivables</u>	<u>Notes receivables</u>
Not past due	\$ 212,733	\$ 187,429	\$ 215,001	\$ 69
Past due 0~30 days	1,200	1,765	4,256	-
Past due 31-90 days	689	-	2,987	-
Past due over 91 days	<u>2,493</u>	<u>2,233</u>	<u>2,219</u>	<u>-</u>
	<u>\$ 217,115</u>	<u>\$ 191,427</u>	<u>\$ 224,463</u>	<u>\$ 69</u>

2. Balance of account receivables as of 2022.09.30, 2021.12.31, 2021, 09.30 and 2021.01.01 are \$217,115, \$191,427, \$224,532 and \$171,240.
3. The Group adopts a simplified approach to estimate expected credit losses based on the provision matrix. The loss rate is adjusted based on historical and current information for a specific period to estimate the provision loss of accounts receivable.

Expected loss for the Group as of 2022.09.30, 2021.12.31 and 2021.09.30 areas following:

	<u>Not past due</u>	<u>Past due 30 days</u>	<u>Past due 31-90 days</u>	<u>Past due over 91</u>	<u>Total</u>
<u>2022.09.30</u>					
Expected loss %	0%~0.17%	0%~5.1%	0%~32.75%	0%~100%	
AR total	<u>\$ 212,733</u>	<u>\$ 1,200</u>	<u>\$ 689</u>	<u>\$ 2,493</u>	<u>\$ 217,115</u>
Allowance for credit impairment loss	<u>\$ 20</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 2,395</u>	<u>\$ 2,476</u>
	<u>Not past due</u>	<u>Past due 30 days</u>	<u>Past due 31-90 days</u>	<u>Past due over 91</u>	<u>Total</u>
<u>2021.12.31</u>					
Expected loss %	0%~0.73%	0%~9.44%	0%~49.85%	0%~100%	
AR total	<u>\$ 187,429</u>	<u>\$ 1,765</u>	<u>\$ -</u>	<u>\$ 2,233</u>	<u>\$ 191,427</u>
Allowance for credit impairment loss	<u>\$ 53</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 2,233</u>	<u>\$ 2,336</u>
	<u>Not past due</u>	<u>Past due 30 days</u>	<u>Past due 31-90 days</u>	<u>Past due over 91</u>	<u>Total</u>
<u>2021.09.30</u>					
Expected loss %	0%~0.73%	0%~9.44%	0%~45.24%	0%~100%	
AR total	<u>\$ 215,001</u>	<u>\$ 4,256</u>	<u>\$ 2,987</u>	<u>\$ 2,219</u>	<u>\$ 224,463</u>
Note receivable total	<u>\$ 69</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69</u>
Allowance for credit impairment loss	<u>\$ 252</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 2,219</u>	<u>\$ 2,871</u>

4. The Group has adapted simplified measure for changes in allowance for impairment loss:

	<u>2022</u>	<u>2021</u>
	<u>Account receivable</u>	<u>Account receivable</u>
01.01	\$ 2,336	\$ 2,826
Allowance for impairment loss	<u>140</u>	<u>45</u>
09.30	<u>\$ 2,476</u>	<u>\$ 2,871</u>

5. Please refer to Note 12(2) for details on AR credit risk.

6. Transferred financial asset net yet derecognized

The Group has entered separate factoring agreement with CTBC Bank to sell its account receivables and has provided bank note of \$80,000 as guarantee. According to the contract, the guarantee cannot be recovered (whether due to delay in payment or breach) within a specific period, and the Group shall retain all the risks of the receivables, therefore it is not qualified for the

derecognition. Up till 2022.09.30, there are no transferred financial asset not yet derecognized.

7. Please refer to Note 8 for account receivables pledged as collateral.

(5) **Inventory**

	<u>2022.09.30</u>		
	<u>Costs</u>	<u>Allowance for inventory valuation loss</u>	<u>Book Value</u>
Raw material	\$ 38,366	(\$ 3,167)	\$ 35,199
Work in process	217,937	(8,641)	209,296
Finished goods	120,317	(3,908)	116,409
	<u>\$ 376,620</u>	<u>(\$ 15,716)</u>	<u>\$ 360,904</u>
	<u>2021.12.31</u>		
	<u>Costs</u>	<u>Allowance for inventory valuation loss</u>	<u>Book Value</u>
Raw material	\$ 10,094	(\$ 3,970)	\$ 6,124
Work in process	141,486	(10,273)	131,213
Finished goods	44,394	(4,762)	39,632
	<u>\$ 195,974</u>	<u>(\$ 19,005)</u>	<u>\$ 176,969</u>
	<u>2021.09.30</u>		
	<u>Costs</u>	<u>Allowance for inventory valuation loss</u>	<u>Book Value</u>
Raw material	\$ 11,587	(\$ 3,933)	\$ 7,654
Work in process	126,497	(11,775)	114,722
Finished goods	36,927	(3,880)	33,047
	<u>\$ 175,011</u>	<u>(\$ 19,588)</u>	<u>\$ 155,423</u>

1. Inventory cost recognized as loss for the period

	<u>2022.07.01 to 09.30</u>	<u>2021.07.01 to 09.30</u>
Cost of good sold	\$ 96,875	\$ 150,243
Gains on inventory value recovery	(6,227)	(559)
Unallocated manufacturing overhead	3,373	-
Others	7,574	75
	<u>\$ 101,595</u>	<u>\$ 149,759</u>
	<u>2022.01.01 to 09.30</u>	<u>2021.01.01 to 09.30</u>
Cost of good sold	\$ 329,404	\$ 432,849
Inventory valuation loss	(3,288)	2,491
Unallocated manufacturing overhead	28,858	-
Others	7,574	135
	<u>\$ 362,548</u>	<u>\$ 435,475</u>

2. Inventory was not pledged for collateral.

3. The Group enters a long-term contract with the supplier, which stipulates the minimum amount or quantity to be purchased. If the Group fails to fulfill the contractual amount, the loss shall be recognized as the cost of the current period.

(6) Real estate, plant and equipment

<u>2022</u>				
	<u>R&D equipment</u>	<u>Office equipment</u>	<u>Improvement on lease</u>	<u>Total</u>
2022.01.01				
Cost	\$ 20,768	\$ 64,412	\$ 2,526	\$ 87,706
Accumulated depreciation	(20,768)	(45,966)	(1,126)	(67,860)
	<u>\$ -</u>	<u>\$ 18,446</u>	<u>\$ 1,400</u>	<u>\$ 19,846</u>
2022.01.01	\$ -	\$ 18,446	\$ 1,400	\$ 19,846
Acquisition	-	6,227	1,351	7,578
Disposal		(245)	(207)	(452)
Depreciation expense	-	(5,838)	(239)	(6,077)
2022.09.30	<u>\$ -</u>	<u>\$ 18,590</u>	<u>\$ 2,305</u>	<u>\$ 20,895</u>
2022.09.30				
Cost	\$ 20,768	\$ 70,028	\$ 3,417	\$ 94,213
Accumulated depreciation	(20,768)	(51,438)	(1,112)	(73,318)
	<u>\$ -</u>	<u>\$ 18,590</u>	<u>\$ 2,305</u>	<u>\$ 20,895</u>
<u>2021</u>				
	<u>R&D equipment</u>	<u>Office equipment</u>	<u>Improvement on lease</u>	<u>Total</u>
2021.01.01				
Cost	\$ 20,768	\$ 53,931	\$ 2,526	\$ 77,225
Accumulated depreciation	(20,768)	(43,121)	(827)	(64,716)
	<u>\$ -</u>	<u>\$ 10,810</u>	<u>\$ 1,699</u>	<u>\$ 12,509</u>
2021.01.01	\$ -	\$ 10,810	\$ 1,699	\$ 12,509
Acquisition	-	11,929	-	11,929
Depreciation expense	-	(3,743)	(224)	(3,967)
2021.09.30	<u>\$ -</u>	<u>\$ 18,996</u>	<u>\$ 1,475</u>	<u>\$ 20,471</u>
2021.09.30				
Cost	\$ 20,768	\$ 65,860	\$ 2,526	\$ 68,386
Accumulated depreciation	(20,768)	(46,864)	(1,051)	(47,915)
	<u>\$ -</u>	<u>\$ 18,996</u>	<u>\$ 1,475</u>	<u>\$ 20,471</u>

The real estate, plant and equipment were not pledged for collateral.

(7) Lease — lessee

	<u>2022.09.30</u>	<u>2021.12.31</u>	<u>2021.09.30</u>
Right-of-use assets:			
buildings	\$ 12,074	\$ 7,146	\$ 8,527
Transportation vehicles	<u>613</u>	<u>1,512</u>	<u>1,811</u>
	<u>\$ 12,687</u>	<u>\$ 8,658</u>	<u>\$ 10,338</u>
Lease liabilities:			
Current	\$ 5,333	\$ 6,505	\$ 6,720
Non current	<u>7,647</u>	<u>2,580</u>	<u>4,083</u>
	<u>\$ 12,980</u>	<u>\$ 9,085</u>	<u>\$ 10,803</u>

1. The lease include building and transportation vehicle. The contracts are normally 2~5 years. The lease contracts are negotiated separately with different terms and conditions. There are no other restrictions other than leased assets shall not be pledged for collaterals.

2. Depreciation expenses for right-of-use assets:

	<u>2022.07.01 ~ 2022.09.30</u>	<u>2021.07.01 ~ 2021.09.30</u>
Building	\$ 1,522	\$ 1,385
Transport vehicle	<u>300</u>	<u>300</u>
	<u>\$ 1,822</u>	<u>\$ 1,685</u>
	<u>2022.01.01 to 2022.09.30</u>	<u>2021.01.01 to 2022.09.30</u>
Building	\$ 4,605	\$ 4,157
Transport vehicle	<u>899</u>	<u>900</u>
	<u>\$ 5,504</u>	<u>\$ 5,057</u>

3. Acquisition of right-of-use asset for 01.01 to 09.30, 2022 and 2021 are \$10,704 and \$0.

4. Car park lease contract does not exceed 12 months. Office printer is regarded as low value lease asset.

5. P& L items related to lease contracts:

	<u>2022.07.01 ~ 2022.09.30</u>	<u>2021.07.01 ~ 2021.09.30</u>
Interest expense from lease liabilities	\$ 59	\$ 50
Expenses of short term lease	65	24
Expenses of low-value lease	17	50
Expenses of changes in lease payment	<u>36</u>	<u>-</u>
	<u>\$ 177</u>	<u>\$ 124</u>

	<u>2022.01.01 ~ 2022.09.30</u>	<u>2021.01.01 ~ 2021.09.30</u>
Interest expense from lease liabilities	\$ 144	\$ 176
Expenses of short term lease	148	88
Expenses of low-value lease	82	100
Expenses of changes in lease payment	36	-
	<u>\$ 410</u>	<u>\$ 364</u>

6. Cash outflow from lease for the period 07.01 to 09.30 of 2022 and 2021, 01.01 to 09.30 of 2022 and 2021 are \$1,899, \$1,837, \$5,904 and \$5,453.

7. Due to changes in lease contract during 2022.01.01 to 2022. 09.30, the amounts for right-of-use asset and lease liabilities are decreased by \$1,175 and \$1,190 as of 2022.09.30.

(8) Short term loan

	<u>2022.09.30</u>	<u>2021.12.31</u>	<u>2021.09.30</u>
Guarantee bank loan	\$ 150,000	\$ 162,272	\$ 272,893
Range of interests	0.89%~1.66%	0.89%~1.42%	0.89%~1.42%

1. Unused quota as of 2022.09.30, 2021.12.31 and 2021.09.30 are \$200,000, \$297,711 and \$234,712.

2. Please refer to Note 8 for details on short term loan pledged for collateral.

(9) Other payments

	<u>2022.09.30</u>	<u>2021.12.31</u>	<u>2021.09.30</u>
Employee bonus	\$ 20,731	\$ 14,808	\$ 11,766
Salary	7,433	11,685	7,667
Compensation to Director of the Board	3,110	2,221	1,765
Others	9,655	10,898	7,261
	<u>\$ 40,929</u>	<u>\$ 39,612</u>	<u>\$ 28,459</u>

(10) Long term loan

<u>Type</u>	<u>Duration and terms</u>	<u>Interest range</u>	<u>Guarantee</u>	<u>2022.09.30</u>
Guarantee Bank loan	2020.06.29 ~2023.06.29 monthly interest payment	1.27%~2.69%	Note	\$ 4,637
Credit loan	"	"	Non	818
				5,455
Less: loan matured within one year				(5,455)
				<u>\$ -</u>

<u>Type</u>	<u>Duration and terms</u>	<u>Interest range</u>	<u>Guarantee</u>	<u>2021.12.31</u>
Guarantee Bank loan	2020.06.29 ~2023.06.29 monthly interest payment	1.27%~2.69%	Note	\$ 9,273

Credit loan	"	"	Non	1,636
				10,909
Less: loan matured within one year				(7,273)
				<u>\$ 3,636</u>
<u>Type</u>	<u>Duration and terms</u>	<u>Interest range</u>	<u>Guarantee</u>	<u>2021.09.30</u>
Guarantee	2020.06.29 ~2023.06.29 monthly	1.27%~2.69%	Note	\$
Bank loan	interest payment			10,818
Credit loan	"	"	Non	1,910
				12,728
Less: loan matured within one year				
				<u>\$ 5,455</u>

Note: The long-term loan is guaranteed by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG).

Unused quota for period ending 2022.09.30, 2021.12.31 and 2021.09.30 are \$0.

(11) Pension

- 1.(1) The company and its domestic subsidiaries have established a retirement method with defined benefits in accordance with the provisions of the "Labor Standards Law", which is applicable to the full-time employees before the implementation of the "Labor Pension Regulations" on July 1, 1994, and after the implementation of the "Labor Pension Regulations", the employees who choose to continue to apply the Labor Standards Law have their subsequent years of service. For employees who meet the retirement requirements, the pension payment is calculated based on the years of service and the average salary of the six months before retirement. The service years within 15 years (inclusive) will be given two bases for each full year, and the service years exceeding 15 years will be paid every year. A base is given for one full year, maximum payout base is 45. The company allocates 2% of the total salary to the retirement fund on a monthly basis in a special account in the name of the Labor Retirement Reserve Fund Supervisory Committee in the Bank of Taiwan. In addition, estimation of the balance of the special account for labor retirement reserves will be made at the end of the year. If the balance is insufficient to cover the estimated amount of pensions calculated for employees who meet the retirement requirements in the next year, the balance will be calculated again before the end of March the following year.
- (2) Pension allocated for the period ending 07.01~09.30 and 01.01~09.30 of 2022 and 2021 are \$0.
- (3) The Group is no long required to allocate pension as the reserved amount is sufficient.
- 2.(1) According to the "Labor Pension Act", the Company and its domestic

subsidiaries have established a retirement method with definite contribution, which is applicable to employees of their nationality. The company and domestic subsidiaries choose to apply the part of the labor pension system stipulated in the "Labor Pension Regulations" for employees, and contribute labor pensions to the individual accounts of employees of the Labor Insurance Bureau at the rate of 6% of salary every month. The payment of employee pensions is based on the employee's personal pension special account and accumulated income is collected in monthly pension or one-time pension.

- (2) According to the pension insurance system stipulated by the government of the People's Republic of China, ENE Touch allocates pension insurance funds according to a certain percentage of the total salary of local employees every month. The pension of each employee is managed and arranged by the government, and the Group has no further obligations other than the monthly allocation.
- (3) Amount recognized for the pension in according to the above method for the period ending 07.01~09.30 and 01.01~09.30 of 2022 and 2021 are \$1,261, \$1,167, \$3,561 and \$4,113.

(12) Share-based payments

1.Share based payment as of 2022.09.30:

Issuer	Type	Issuance date	Quantity	No. shares available for subscription per unit (shares)	Contract Period	Condition
ENE	Restricted employee stock	2022.05.10	20 thousands unit	1	3years	Continuous employment for 1 year and meet the set KPI, one can exercise in a certain portion (note)
"	"	2022.03.16	980thousands unit	1	3years	Continuous employment for 1 year and meet the set KPI, one can exercise in a certain portion (note)

The new shares with limited employee rights issued by the company may not be sold, pledged, transferred, gifted to others, encumbered, or disposed of in other ways before the vested conditions are met.

Note: For those who meet the service years and performance conditions stipulated in the Regulations on Employee Restricted Shares, the conditions are as follows:

Service with one year: 20%, Service with two years: 30%, Service with three years: 50%

2. Details for the above said share-based payments are as follows:

Restricted Employee Stock (RES) plan

	<u>2022.01.01~2022.09.30</u>
	<u>Quantity (thousands)</u>
RES at the beginning of the period	-
Issued shares at the current period	1,000
RES at the end of the period	<u>1,000</u>

3. The par value of new shares issued by the Group to restrict employee shares is NT\$10 per share, and the issue price per share is NT\$0 (free for employees). The closing price on the date of grant is used as the measure of fair value.

4. The cost for above said RES for the period ending 2022.07.01~09.30 and 2022.01.01~2022.09.30 are \$4,730 and \$10,988 °

(13) Capital

1. As of 2022.09.30, the registered capital is \$950,000, total of 95,000 thousand shares. Actual capital is \$453,228 with par value of NT\$10. The adjustment of shares for the period as following:

	<u>2022</u>	<u>2021</u>
01.01	44,322,841	74,976,693
RES	1,000,000	-
Shares retrieved	-	(38,653,852)
09.30	<u>45,322,841</u>	<u>36,322,841</u>

2. In order to compensate loss and to improve financial structure, the Company's shareholders has decided in 2021 August to reduce capital by 38,654 thousand shares at par value of NT\$10. The registration process has completed.
3. The company's shareholder meeting in August 2021 approved a resolution to increase cash capital through private placement. The benchmark date for private placement was October 26, 2021. The purpose of the cash capital increase was to enrich working capital, improve the financial structure, or other funds for future development. Demand, the number of private placement shares is capped at 8,000,000 shares, and the subscription price per share is NT\$31.6 dollars. This capital increase has raised \$252,800, and the change registration has been completed; In addition to the restrictions on the delivery date and three years after the date of delivery and supplementary office development and issuance before the application for listing on the OTC market, the rest is the same as other issued ordinary shares. °
4. Restricted employee shares (RES)

In order to attract and retain professional talents and create the best interests of the company and shareholders, the company has passed the resolution of the BOD in March 2022 and May 2022 to issue new shares with restricted employee rights for free. The base date of issuance is March 16, 2022. And on May 10, 2022, the total amount was 1,000,000 shares. The employee's personal retention and annual performance evaluation standards have all met the vested conditions. If the vested conditions are not met, the company has the right to take back its shares without compensation and cancel them. As of September 30, 2011, 1,000,000 shares have been issued, and there are no vested or canceled shares. °

(14) Capital surplus

1. In accordance with the provisions of the Company Law, the surplus from the issuance of shares exceeding the par value and the capital reserve from the receipt of gifts may be used to make up for losses. When the company has no accumulated losses, new shares or cash. In addition, in accordance with the relevant provisions of the Securities and Exchange Act, when the above-mentioned capital reserve is allocated to capital, the total amount shall not exceed 10% of the paid-in capital each year. When the company still has insufficient surplus reserves to make up for capital losses, it may not use capital reserves to compensate it. °
2. The Shareholders Meeting in June 2022 has approved the proposal to distribute cash from capital surplus, NT\$0.2 per share, total of \$8,864.

	<u>2022</u>			
	<u>Premium</u>	<u>Trading of Treasury stock</u>	<u>RES</u>	<u>Long term investment</u>
01.01	\$ 241,083	\$ 11,534	\$ -	\$ 2,150
RES	-	-	30,865	-
Cash dividends from capital surplus	(8,864)	-	-	-
09.30	<u>\$ 232,219</u>	<u>\$ 11,534</u>	<u>\$ 30,865</u>	<u>\$ 2,150</u>

	<u>2021</u>	<u>Trading on</u>	<u>Long term</u>
	<u>Premium</u>	<u>treasury stock</u>	<u>investment</u>
01.01(09.30)	<u>\$ 68,283</u>	<u>\$ 11,534</u>	<u>\$ 2,150</u>

(15) Retained earning

1. According to the company's Articles, if the company has a surplus in its annual final accounts, in addition to paying taxes in accordance with the law, it should first make up for the accumulated losses, and then allocate 10% of the balance as the statutory surplus reserve, but the statutory surplus reserve This is not the case when the total paid-in capital of the company has been reached; in addition, depending on the company's operating needs and legal requirements, the special surplus reserve shall be appropriated or reversed. If there is still a surplus, and the undistributed surplus at the beginning of the same period, the board of directors shall propose a shareholder dividend Proposal on distribution, after submitting to the shareholders' meeting for resolution.
2. The company's dividend policy is formulated in accordance with the company law and the company's Articles, and is determined based on factors such as the company's capital and financial structure, operating conditions, earnings, and the nature and cycle of the industry to which it belongs. 50% of the surplus, cash dividends shall be withdrawn at no less than 50% of the total dividends for the year.
3. The statutory surplus reserve shall not be used except to make up for the company's losses and to issue new shares or cash in proportion to the shareholders' original shares.
4. When the company distributes the surplus, according to laws and regulations, the debit balance of other equity items on the balance sheet must be allocated as a special surplus reserve.
5. Earning distributed as approved in Shareholders Meeting on 2022.06.09 are:

	<u>2021</u>	
	<u>Amount</u>	<u>Dividends per share</u>
Legal reserve	\$ 6,007	
Cash dividends	<u>44,323</u>	\$ 0.98
	<u>\$ 50,330</u>	

(16) Other equity

	<u>Foreign</u>	<u>Unrealized valuation</u>	<u>Others</u>	<u>Total</u>
	<u>exchange</u>	<u>loss</u>		
2022.01.01	\$ 136	(\$ 5,000)	\$ -	(\$ 4,864)
Difference of FX translation	36	-	-	36
RES				
-issuance	-	-	(40,865)	(40,865)
-cost	-	-	10,988	10,988

2022.09.30	<u>\$ 172</u>	<u>(\$ 5,000)</u>	<u>(\$ 29,877)</u>	<u>(\$ 34,705)</u>
	<u>Foreign exchange</u>	<u>Unrealized valuation loss</u>	<u>Others</u>	
2021.01.01	\$ 158	(\$ 5,000)	(\$ 4,842)	
Difference of FX translation	(52)	-	(52)	
2021.09.30	<u>\$ 106</u>	<u>(\$ 5,000)</u>	<u>(\$ 4,894)</u>	

(17) Operation revenue

The Group's revenue is mainly derived from goods transferred at a certain point in time, and revenue can be broken down into the following geographical areas :

<u>2022.07.01~09.30</u>	<u>China</u>	<u>Taiwan</u>	<u>Others</u>	<u>Total</u>
External customer contract	<u>\$ 87,273</u>	<u>\$ 69,596</u>	<u>\$ 1,583</u>	<u>\$ 158,452</u>
<u>2021.07.01~09.30</u>	<u>China</u>	<u>Taiwan</u>	<u>Others</u>	<u>Total</u>
External customer contract	<u>\$ 162,225</u>	<u>\$ 68,501</u>	<u>\$ 3,352</u>	<u>\$ 234,078</u>
<u>2022.01.01~2022.09.30</u>	<u>China</u>	<u>Taiwan</u>	<u>Others</u>	<u>Total</u>
External customer contract	<u>\$ 350,470</u>	<u>\$ 187,088</u>	<u>\$ 5,672</u>	<u>\$ 543,230</u>
<u>2021.01.01~09.30</u>	<u>China</u>	<u>Taiwan</u>	<u>Others</u>	<u>Total</u>
External customer contract	<u>\$ 387,282</u>	<u>\$ 239,974</u>	<u>\$ 7,542</u>	<u>\$ 634,798</u>

(18) Other profit and loss

	<u>2022.07.01~09.30</u>	<u>2021.07.01~09.30</u>
Foreign exchange gain (loss)	\$ 35,510	(\$ 2,181)
Gain from financial asset at fair value through P&L	82	52
Others	(198)	344
	<u>\$ 35,394</u>	<u>(\$ 1,785)</u>

	<u>2022.01.01~09.30</u>	<u>2021.01.01~09.30</u>
Foreign exchange gain (loss)	\$ 81,888	(\$ 6,087)
Gain from financial asset at fair value through P&L	144	(20)
Others	(496)	336
	<u>\$ 81,536</u>	<u>(\$ 5,771)</u>

(19) Additional information on cost and expense

	<u>2022.07.01 ~09.30</u>		
	<u>Operation costs</u>	<u>Operation expense</u>	<u>Total</u>
Employee benefit expense			
Salary expense	\$ -	\$ 32,568	\$ 32,568
Share based payment	-	4,730	4,730
Labor and health insurance expense	-	1,715	1,715
Pension expense	-	1,261	1,261
Other HR	-	504	504
	<u>\$ -</u>	<u>\$ 40,778</u>	<u>\$ 40,778</u>
Depreciation expense	<u>\$ -</u>	<u>\$ 4,062</u>	<u>\$ 4,062</u>
Amortization expense	<u>\$ -</u>	<u>\$ 275</u>	<u>\$ 275</u>
	<u>2021.07.01 ~09.30</u>		
	<u>Operation costs</u>	<u>Operation costs</u>	<u>Operation costs</u>
Employee benefit expense			
Salary expense	\$ -	\$ 34,710	\$ 34,710
Labor and health insurance expense	-	1,720	1,720
Pension expense	-	1,167	1,167
Other HR	-	774	774
	<u>\$ -</u>	<u>\$ 38,371</u>	<u>\$ 38,371</u>
Depreciation expense	<u>\$ -</u>	<u>\$ 3,322</u>	<u>\$ 3,322</u>
Amortization expense	<u>\$ -</u>	<u>\$ 216</u>	<u>\$ 216</u>

	2022.01.01 ~09.30		
	<u>Operation costs</u>	<u>Operation costs</u>	<u>Operation costs</u>
Employee benefit expense			
Salary expense	\$ -	\$ 95,292	\$ 95,292
Share based payment	-	10,988	10,988
Labor and health insurance expense	-	5,521	5,521
Pension expense	-	3,561	3,561
Other HR	-	1,515	1,515
	<u>\$ -</u>	<u>\$ 116,877</u>	<u>\$ 116,877</u>
Depreciation expense	<u>\$ -</u>	<u>\$ 11,581</u>	<u>\$ 11,581</u>
Amortization expense	<u>\$ -</u>	<u>\$ 1,636</u>	<u>\$ 1,636</u>

	2021.01.01 ~09.30		
	<u>Operation costs</u>	<u>Operation costs</u>	<u>Operation costs</u>
Employee benefit expense			
Salary expense	\$ -	\$ 79,252	\$ 79,252
Labor and health insurance expense	-	5,251	5,251
Pension expense	-	4,113	4,113
Other HR	-	1,853	1,853
	<u>\$ -</u>	<u>\$ 90,469</u>	<u>\$ 90,469</u>
Depreciation expense	<u>\$ -</u>	<u>\$ 9,024</u>	<u>\$ 9,024</u>
Amortization expense	<u>\$ -</u>	<u>\$ 274</u>	<u>\$ 274</u>

1. According to the company's Articles, the company shall allocate no less than 20% of the employee's remuneration and no more than 3% of the BOD's remuneration if there is a balance after deducting the accumulated losses.
2. Remuneration for BOD and employees are as follows:

	<u>2022.07.01~09.30</u>	<u>2021.07.01~09.30</u>
Remuneration to BODs	\$ 1,110	\$ 1,765
Remuneration to employees	<u>7,403</u>	<u>11,766</u>
	<u>\$ 8,513</u>	<u>\$ 13,531</u>
	<u>2022.01.01~09.30</u>	<u>2021.01.01~09.30</u>
Remuneration to BODs	\$ 3,110	\$ 1,765
Remuneration to employees	<u>20,731</u>	<u>11,766</u>
	<u>\$ 23,841</u>	<u>\$ 13,531</u>

The estimation of profits is recognized in according to the Articles.
For the period 01.01~09.30 of 2022 and 2021.

3. The remuneration of directors and employees approved by the board of directors in 2022 is consistent with the amount recognized in the financial report of 2011.

4. Please see MOPS for related information.

(20) Income tax

1. Income tax composition:

	<u>2022.07.01~09.30</u>	<u>2021.07.01~09.30</u>
Current income tax		
Income tax	<u>\$ -</u>	<u>\$ -</u>
Income tax expense	<u>\$ -</u>	<u>\$ -</u>
	<u>2022.01.01~09.30</u>	<u>2021.01.01~09.30</u>
Current income tax		
Income tax	<u>\$ -</u>	<u>\$ -</u>
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

2. The income tax has been approved by the authority up till year 2020.

(21) Earnings per share

	<u>2022.07.01~09.30</u>		
	Weighted average outstanding		EPS
	<u>\$ after tax</u>	<u>Outstanding shares (thousand shares)</u>	<u>(Dollar)</u>
<u>Basic EPS</u>			
Net profit attributed to common shareholders of the parent company	<u>\$ 27,819</u>	<u>44,322</u>	<u>\$ 0.63</u>
<u>Diluted EPS</u>			
Net profit attributed to common shareholders of the parent company	\$ 27,819	44,322	
Potential dilution impact			
RES	-	44	
Employee remuneration	-	860	
Potential dilution impact attributed to the parent company	<u>\$ 27,819</u>	<u>45,226</u>	<u>\$ 0.62</u>
	<u>2021.07.01~09.30</u>		
	Weighted average outstanding		EPS
	<u>\$ after tax</u>	<u>Outstanding shares (thousand shares)</u>	<u>(Dollar)</u>
<u>Basic EPS</u>			
Net profit attributed to common shareholders of the parent company	<u>\$ 25,432</u>	<u>36,323</u>	<u>\$ 0.70</u>
<u>Diluted EPS</u>			

Net profit attributed to common shareholders of the parent company	\$	25,432	36,323	
Potential dilution impact				
RES		-	663	
Employee remuneration	\$	25,432	36,986	\$ 0.69

<u>2022.01.01~09.30</u>			
	Weighted average outstanding		EPS
	<u>\$ after tax</u>	<u>Outstanding shares (thousand shares)</u>	<u>(Dollar)</u>
<u>Basic EPS</u>			
Net profit attributed to common shareholders of the parent company	<u>\$ 79,131</u>	<u>44,322</u>	<u>\$ 1.79</u>
<u>Diluted EPS</u>			
Net profit attributed to common shareholders of the parent company	\$ 79,131	44,322	
Potential dilution impact			
RES	-	59	
Employee remuneration	-	944	
Potential dilution impact attributed to the parent company	<u>\$ 79,131</u>	<u>45,325</u>	<u>\$ 1.75</u>

<u>2021.01.01~09.30</u>			
	Weighted average outstanding		EPS
	\$ after tax	Outstanding shares (thousand shares)	\$ after tax
<u>Basic EPS</u>			
Net profit attributed to common shareholders of the parent company	\$ 45,299	36,323	\$ 1.25
<u>Diluted EPS</u>			
Net profit attributed to common shareholders of the parent company	\$ 45,299	36,323	
Potential dilution impact			
Employee remuneration	-	663	
Potential dilution impact attributed to the parent company	\$ 45,299	36,986	\$ 1.22

(22) Additional information to cash flow

Investment activity with partial cash payment:

	<u>2022.01.01~09.30</u>	<u>2021.01.01~09.30</u>
Acquisition of real estate, plant and equipment	\$ 7,578	\$ 11,929
Add: equipment payment at the beginning of the period	555	202
Less: equipment payment at the beginning of the period	(530)	(803)

Cash payment of the period	\$	<u>7,603</u>	\$	<u>11,328</u>
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(23) Changes in liabilities from financing activities

	<u>2022</u>			
	<u>Short term loan</u>	<u>Long term loan</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
01.01	\$ 162,272	\$ 10,909	\$ 9,085	\$ 182,266
Changes in financing cash flow 變動	(12,272)	(5,455)	(5,494)	(23,221)
Other non-cash changes	-	-	9,389	9,389
09.30	<u>\$ 150,000</u>	<u>\$ 5,454</u>	<u>\$ 12,980</u>	<u>\$ 168,434</u>

	<u>2021</u>			
	<u>Short term loan</u>	<u>Long term loan</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
01.01	\$ 301,449	\$ 18,183	\$ 15,906	\$ 335,538
Changes in financing cash flow	(28,556)	(5,455)	(5,089)	(39,100)
Other non-cash changes	-	-	(14)	(14)
09.30	<u>\$ 272,893</u>	<u>\$ 12,728</u>	<u>\$ 10,803</u>	<u>\$ 296,424</u>

7. Related party transactions

(1) Related party

<u>Related party</u>	<u>Relationship</u>
ASUSTek Computer Inc. (Asus)	Key personnel of the Company (Institutional Director)
Siguard Microelectronic Corp. (Siguard)	Key personnel of the Company (Institutional Director)

(2) Significant transactions with related parties

1. Sales

	<u>2022.07.01~09.30</u>	<u>2021.07.01~09.30</u>
Sales:		
ASUSTek	<u>\$ 22,560</u>	<u>\$ 24,169</u>
	<u>2022.01.01~09.30</u>	<u>2021.01.01~09.30</u>
Sales:		
ASUSTek	<u>\$ 60,944</u>	<u>\$ 71,539</u>

Product prices quoted to the related parties were determined by the product specification. Some discounts were given depending on the total sales

quantity. Therefore, prices quoted to the related parties were of no big difference to other customers.

2. Purchasing

	<u>2022.07.01~09.30</u>	<u>2021.07.01~09.30</u>
Service purchase		
Siguard	<u>\$ 4,040</u>	<u>\$ 6,780</u>
	<u>2022.01.01~09.30</u>	<u>2021.01.01~09.30</u>
Service purchase	Service purchase	
Siguard	<u>\$ 11,895</u>	<u>\$ 19,615</u>

The trading conditions between the Company and related parties are no different to those with general suppliers.

3. Account receivable

	<u>2022.09.30</u>	<u>2021.12.31</u>	<u>2021.09.30</u>
Account receivable			
ASUSTek	<u>\$ 22,542</u>	<u>\$ 29,163</u>	<u>\$ 25,163</u>

There is no bad debt allowances for the related party AR. The AR is mainly from product sales.

4. Account payable

	<u>2022.09.30</u>	<u>2021.12.31</u>	<u>2021.09.30</u>
Account payable			
Siguard	<u>\$ 3,018</u>	<u>\$ 5,491</u>	<u>\$ 4,751</u>

Related party AP is mainly from purchasing transaction with 60 days of term with no interest.

(3) Key personnel remuneration information

	<u>2022.07.01~09.30</u>	<u>2021.07.01~09.30</u>
Salary and other short term employee benefit	\$ 7,539	\$ 8,654
Post employment benefit	169	161
Share based payment	<u>584</u>	<u>-</u>
Total	<u>\$ 8,292</u>	<u>\$ 8,815</u>
	<u>2022.01.01~09.30</u>	<u>2021.01.01~09.30</u>
Salary and other short term employee benefit	\$ 23,823	\$ 20,203
Post employment benefit	522	479
Share based payment	<u>1,794</u>	<u>-</u>
Total	<u>\$ 26,139</u>	<u>\$ 20,682</u>

8. Pledged Asset

<u>Asset</u>	<u>Book value</u>			<u>Purpose</u>
	<u>2022.09.30</u>	<u>2021.12.31</u>	<u>2021.09.30</u>	
Term deposit(Note1)	\$ 220,689	\$ 203,479	\$ 282,818	Note 3
Term deposit(Note2)	1,041	1,038	1,035	Note 4
Account receivable	-	51,122	58,987	Note 3
	<u>\$ 221,730</u>	<u>\$ 255,639</u>	<u>\$ 342,840</u>	

Note1: financial asset at amortized cost -current

Note2: financial asset at amortized cost -non current

Note3: guarantee for short term loan

Note4: guarantee for tariff on imported raw material

9. Significant commitments

1. The group has signed a software licensing contract. As of September 30, 2022, the amount not yet paid is \$38,429.
2. The Group signs a long-term contract with the supplier, which stipulates the relevant period and the minimum amount or quantity that the Group needs to purchase from the supplier.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Capital management

There is no significant change. Please refer to Note6(20) of 2021 consolidated report.

(2) Financial instruments

1.Types

<u>Financial asset</u>	<u>2022.09.30</u>	<u>2021.12.31</u>	<u>2021.09.30</u>
Financial assets at fair value through P&L (note1)	<u>\$ 5,145</u>	<u>\$ -</u>	<u>\$ -</u>
Financial assets at fair value through other comprehensive income (note2)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Financial liabilities at amortized cost (note3)	<u>\$ 705,881</u>	<u>\$ 850,065</u>	<u>\$ 678,504</u>

Financial liabilities

Liabilities at amortized cost (note
4)

	<u>\$ 336,314</u>	<u>\$ 313,136</u>	<u>\$ 387,520</u>
Lease liabilities	<u>\$ 12,980</u>	<u>\$ 9,085</u>	<u>\$ 10,803</u>

Note1: items at fair value through P&L

Note2: investment by equity and liability instruments (including non current)

Note3: cash and cash equivalent, financial asset at amortized cost, net account and notes receivable (including related parties), other account receivables (including related parties) and refundable deposit.

Note4: account payables and notes, other account payable, short term loan, long term loan (including maturity within one year) and refundable deposit.

2.Risk management policy

There is no significant change. Please refer to Note6(20) of 2021 consolidated report.

3.Significana financial risks

There is no significant change other than the items indicated below. Please refer to Note6(19) of 2021 consolidated report. °

(1)Market risks

Exposure to currency risk

The Company financial assets and liabilities exposed to exchange rate risk were as following:

		<u>2022.09.30</u>		Book value (NTD)	<u>Sensitivity analysis</u>	
		Foreign currency			Change %	Impact on P&L
		<u>(\$thousands)</u>	<u>FX rate</u>			
<u>Financial asset</u>						
Monetary item						
USD: NTD	\$	20,365	31.75	\$ 646,589	1%	\$ 6,466
RMD: NTD		1,341	4.47	5,998	1%	48
<u>Financial liabilities</u>						
Monetary item						
USD: NTD		2,615	31.75	83,026	1%	830

		<u>2021.12.31</u>		Book value (NTD)	<u>Sensitivity analysis</u>	
		Foreign currency			Change %	Impact on P&L
		<u>(\$thousands)</u>	<u>FX rate</u>			
<u>Financial asset</u>						
Monetary item						
USD: NTD	\$	25,039	27.68	\$ 693,109	1%	\$ 6,931
RMD: NTD		552	4.44	2,397	1%	24
<u>Financial liabilities</u>						
Monetary item						
USD: NTD		2,314	27.68	64,064	1%	641

		<u>2021.09.30</u>		Book value (NTD)	<u>Sensitivity analysis</u>	
		Foreign currency			Change %	Impact on P&L
		<u>(\$thousands)</u>	<u>FX rate</u>			
<u>Financial asset</u>						
Monetary item						
USD: NTD	\$	22,542	27.73	\$ 624,967	1%	\$ 6,250
RMD: NTD		465	4.29	1,995	1%	20
<u>Financial liabilities</u>						
Monetary item						

USD: NTD	2,417	27.73	67,005	1%	670
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Recognized FX translation (loss)gains (realized and unrealized) are \$35,510, (\$2,181), \$81,888 and (\$6,087) for period of 07.01~0930 and 01.01~09.30 of 2022 and 2021.

(3) Fair value of financial instruments

1. Categories of financial instruments and fair value

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability (directly or indirectly).

Level 3: Assets or liabilities that are not observable market information (unobservable parameters).

2. Financial instrument not measured by fair value

The carrying amount of the financial instruments not measured by fair value (cash and cash equivalent, financial assets at amortized cost, account receivables, other account receivables, account payables, other account payables, refundable deposits, short term loan, long term loan and lease liabilities) is regarded as reasonable fair value.

3. Financial instrument and non financial instrument measured at fair value are:

	<u>2022.09.30</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Recurring fair value</u>				
Financial asset at fair value through P&L				
Benefit certificate	<u>\$ 5,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,145</u>

4. Valuation method and techniques to measure fair value

(1) Valuation techniques for financial instruments measured at fair value:

	<u>Open fund</u>
Market quote	Net worth

(2) If one or more significant parameters cannot be retrieved from the market, the financial instrument shall belong to Level 3.

5. For the period 0101~0930 of 2022 and 2021, there was no transfer of Level1 and Level2

6. For the period 0101~0930 of 2022 and 2021, there was no transfer of financial instruments in Level 3.

7. Finance department is responsible for verifying the valuation of Level 3 financial instruments.

8. The significant unobservable inputs of equity instrument investments in an inactive market are independent of each other and therefore are not interrelated. The list of quantitative information for significant unobservable inputs is as follows:

	<u>2022.09.30</u>		<u>Significant</u>	<u>Relationship between</u>
	<u>Fair value</u>	<u>Valuation techniques</u>	<u>unobservable inputs</u>	<u>inputs and fair value</u>
Non derivative equity instrument				<u>measurement</u>
Private company	<u>\$ -</u>	Net asset value method	Net asset value	Not applicable

(4) Others

Due to the COVID 19 and the government's prevention measures, the Group's operating activities are proceeding normally except for cooperating with the government's instruction to divide staff into two shifts. There are no significant impact on the operation for 2022Q3.

13. Other disclosures

(1) Information on significant transactions

- Loans to other parties: none
- Guarantees and endorsements for other parties: none
- Securities held as of June 30th 2021 (other than investments in subsidiaries, associates and JVs (attachment I) °
- Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: none
- Acquisition of individual property with amount exceeding the lower of NT\$300 million or 20% of the capital stock: none
- Disposal of individual property with amount exceeding the lower of NT\$300 million or 20% of the capital stock: none
- Related party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: none
- Receivables from related parties with amount exceeding the lower of NT\$100 million or 20% of capital stock: none
- Trading in derivative instruments: none
- Business relationship and significant intercompany transactions: none

(2) Investment

Please see attachment II for related information.

(3) Investment in China

- Basic information: please see attachment III
- Direct or indirect significant transaction between investee in China and the company: none

(4) Major shareholders

Please refer to attachment IV

14. Segment information

(1) General information

The Group is focus on the research and development, design, manufacture and sales of NB related application ICs. The Group operates as a single operation entity.

(2) Department information

- 1.The profit and loss of the Group's operating departments are measured by pre-tax operating profit and serve as the basis for performance evaluation. The accounting policies and accounting estimates of the operating department are the same as the summary of important accounting policies and important accounting estimates and assumptions described in Notes 4 and 5.
- 2.External revenue (no revenue from transactions within other operating units of the enterprise), profit and loss, and financial information reported to the chief operating decision maker are the same and measured in a consistent manner as revenue, profit and loss, and financial information in the consolidated income statement °
- 3.Total asset amount and total liability amount provided to the chief operating decision maker adopts the same measurement method as the assets and liabilities in this financial statement.
- 4.The equity investment (classified as financial assets at fair value through other comprehensive income) is responsible by finance department.

ENE Technology Inc and Subsidiaries
Securities holding at the end of the period (excluding subsidiaries, related enterprise and joint investment)
2022.09.30

Attachment I

Unit: NTD thousands
(unless specified otherwise)

Company	Type of securities	Name of securities held	Relationship with issuer	Accounting subject	End of Period				
					Carrying amount				Remark
					Shares (thousand)	Carrying amount	Holding %	Fair value	
ENE Technology Inc	Fund	Jih Sun Money Market Fund	Non	Note1	342	\$ 5,145	-	\$ 5,145	
ENE Technology Inc	Stock	Touch Sense	Non	Note2	250	-	7.59%	-	

Note1: Financial asset at fair value through P&L -current

Note2: Financial asset at fair value through other comprehensive income -current

ENE Technology Inc and Subsidiaries
Investees, locations and other related information (excluding investees in China)
2022. 01. 01~09.30

Attachment II

Unit: NTD thousands
(unless specified otherwise)

Investor	Investee	Location	Business scope	Initial Investment Amount		Holding at the end of period			Current P&L of the investee	P&L recognized from investment	Remark
				2022. 09. 30	2021. 12. 31	Shares	%	Carrying amount			
ENE Technology Inc	Janus Power	Taiwan	electronic compenents	\$ -	\$ 6,798	-	-	\$ -	\$ -	\$ -	Note

Note: Janus Power was elimiated after simplified merger with the Company on 2022.03.16.

ENE Technology Inc and Subsidiaries
Investment in China- Basic Information
2022. 01. 01~09.30

Attachment III

Unit: NTD thousands
(unless specified otherwise)

Investee in China	Business scope	Paid-in Capital	Method	Accumulated \$ from Taiwan at period	Investment amount		Accumulated \$ from Taiwan at end of period	P&L of investee	Ownership % direct/indirect	P&L recognized	Carrying amount at end of period	Retrieved gains from investment	Remark
ENE Touch Technology Inc.	Electomic component distribution	\$ 9,047	Note1	\$ 9,047	Outflow	Inflow	\$ 9,047	(\$ 1,608)	100	(\$ 1,608)	\$ 552	-	Note2

Name	Accumulated \$ outflow from Taiwan	Investment \$ authorized by Investment Commission MOEA	Maximum limit on investment
	\$ 9,047	\$ 9,047	\$ 474,509

Note 1: Direct investment in China

Note2: P&L of the investment is concluded in according to the financial report reviewed by independent auditor

ENE Technology Inc and Subsidiaries

Major Shareholders

2022.09.30

Attachment IV

Major Shareholders	Share holding	
	No. of shares	%
Alcor Micro Corp.	8,000,000	17.65%