

Stock Code : 6243

**ENE TECHNOLOGY INC AND
SUBSIDIARIES**

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

September 30th , 2023 AND 2022

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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, 2023, 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 TWESRE2410 “Review of Financial Information”. 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 2023, and its consolidated financial performance and its consolidated cash flows for the period ending September 30th , 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed by and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Pei-Chuan Huang

CPA

Chin-Chang Chen

2023.11.02

ENE Technology Inc. and Subsidiaries

Consolidated Balance Sheet
September 30th 2023 & 2022

Unit: NTD thousands

Assets	Note	<u>2 0 2 3 . 0 9 . 3 0</u> A m o u n t %	<u>2 0 2 2 . 1 2 . 3 1</u> A m o u n t %	<u>2 0 2 2 . 0 9 . 3 0</u> A m o u n t %
Current Assets				
1100	Cash & cash equivalents	6(1) \$ 170,840 14	\$ 229,124 20	\$ 234,106 20
1110	Financial asset through P&L	6(2)		
	measured at fair value- current	10,025 1	- -	5,145 -
1136	Financial asset after amortization	6(3) & 8		
	current	290,617 24	261,454 23	225,689 20
1170	Net accounts receivables	6(4) 255,028 21	167,160 14	214,639 19
1180	Accounts receivable- related	7		
	parties	26,456 2	32,871 3	22,542 2
130X	Inventories	6(5) 340,555 28	375,244 32	360,904 32
1410	Pre-payments	3,172 -	19,368 2	22,823 2
1479	Other current assets-others	5,903 1	4,953 -	6,156 1
11XX	Total Current Assets	<u>1,102,596 91</u>	<u>1,090,174 94</u>	<u>1,092,004 96</u>
Non-Current Asset				
1535	Financial assets after amortization	6(3) & 8		
	— non current	1,053 -	1,047 -	1,041 -
1600	Property, plant and equipment	6(6) 15,153 1	19,272 2	20,895 2
1755	Right-of-use asset	6(7) 29,374 2	11,022 1	12,687 1
1780	Intangible asset	6(8) 30,325 3	20,835 2	702 -
1840	Deferred tax asset	20,103 2	15,073 1	6,871 -
1900	Other non-current assets	7 15,112 1	6,783 -	7,850 1
15XX	Total Non-current assets	<u>111,120 9</u>	<u>74,032 6</u>	<u>50,046 4</u>
1XXX	Total Assets	<u>\$ 1,213,716 100</u>	<u>\$ 1,164,206 100</u>	<u>\$ 1,142,050 100</u>

(Continue next page)

ENE Technology Inc. and Subsidiaries
Consolidated Balance Sheet
September 30th, 2023 & 2022

Unit: NTD thousands

Liabilities and Equity		Note	2 0 2 3 . 0 9 . 3 0 A m o u n t %	2 0 2 2 . 1 2 . 3 1 A m o u n t %	2 0 2 2 . 0 9 . 3 0 A m o u n t %
Current Liabilities					
2100	Short term loan	6(9)	\$ 160,000 13	\$ 196,000 17	\$ 150,000 13
2170	Account payables		130,840 11	111,137 10	136,906 12
2180	Account payable - related parties	7	5,480 -	3,349 -	3,018 -
2200	Other account payables	6(10)	47,638 4	42,725 4	40,929 4
2220	Other account payables-related parties		1,436 -	- -	- -
2280	Lease liabilities-current	6(7)	6,058 1	3,187 -	5,333 -
2320	Loan term loan matured within 1 year	6(11)	- -	3,636 -	5,455 1
2399	Other current liabilities-others		2,754 -	2,574 -	2,545 -
21XX	Total current liabilities		<u>354,206 29</u>	<u>362,608 31</u>	<u>344,186 30</u>
Non-Current liabilities					
2570	Deferred income tax liabilities		6,088 1	1,694 -	43 -
2580	Lease liabilities— non current	6(7)	22,609 2	7,014 1	7,647 1
2600	Other non current liabilities		3 -	6 -	6 -
25XX	Non current liabilities		<u>28,700 3</u>	<u>8,714 1</u>	<u>7,696 1</u>
2XXX	Total liabilities		<u>382,906 32</u>	<u>371,322 32</u>	<u>351,882 31</u>
Equity					
Equity attributed to Parent					
Capital					
3110	Ordinary share capital	6(14)	453,048 37	453,228 39	453,228 40
Capital surplus					
3200	Capital surplus	6(15)	276,947 23	276,767 24	276,768 24
Retained earnings					
3310	Legal reserve	6(16)	13,215 1	6,007 -	6,007 -
3350	Undistributed earnings		101,441 8	81,820 7	88,870 8
Other equity					
3400	Other equity		(13,841) (1)	(24,938) (2)	(34,705) (3)
3XXX	Total equity attributed to Parent company		<u>830,810 68</u>	<u>792,884 68</u>	<u>790,168 69</u>
Significant or liable and unrecognized committed contract					
Significant subsequent events					
3X2X	Total liabilities and equity				
Current Liabilities			<u>\$ 1,213,716 100</u>	<u>\$ 1,164,206 100</u>	<u>\$ 1,142,050 100</u>

ENE Technology Inc. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1st to September 30th, 2023 & 2022

Unit: NTD K
EPS is denoted as NTD

Item	Note	2023.07.01~0930		2022.07.01~0930		2023.01.01~0930		2022.01.01~0930		
		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	\$ 230,188	100	\$ 158,452	100	\$ 680,751	100	\$ 543,230	100
5000	Operating cost	6(5)	(147,708)	(64)	(101,595)	(64)	(427,297)	(63)	(362,548)	(66)
5900	Gross margin		<u>82,480</u>	<u>36</u>	<u>56,857</u>	<u>36</u>	<u>253,454</u>	<u>37</u>	<u>180,682</u>	<u>34</u>
	Operating expense	6(19)								
6100	Selling expense		(21,250)	(10)	(19,888)	(12)	(59,647)	(9)	(57,881)	(11)
6200	General & admin expense		(22,881)	(10)	(21,334)	(13)	(62,153)	(9)	(62,636)	(11)
6300	R & D expense		(28,158)	(12)	(24,636)	(16)	(90,225)	(13)	(63,815)	(12)
6450	Expected credit loss	6(4)	<u>46</u>	-	<u>13</u>	-	<u>311</u>	-	<u>(140)</u>	-
6000	Total operating expense		<u>(72,335)</u>	<u>(32)</u>	<u>(65,845)</u>	<u>(41)</u>	<u>(211,714)</u>	<u>(31)</u>	<u>(184,472)</u>	<u>(34)</u>
6900	Operating profit (loss)		<u>10,145</u>	<u>4</u>	<u>(8,988)</u>	<u>(5)</u>	<u>41,740</u>	<u>6</u>	<u>(3,790)</u>	-
	Non-operating income and expense									
7100	Interest income		4,148	2	1,920	1	12,832	2	2,767	-
7010	Other income		-	-	90	-	82	-	198	-
7020	Other profit and loss	6(18)	22,373	10	35,394	22	29,802	4	81,536	15
7050	Financial cot		<u>(1,126)</u>	<u>(1)</u>	<u>(597)</u>	-	<u>(3,141)</u>	-	<u>(1,580)</u>	-
7000	Total of non operating income and expense		<u>25,395</u>	<u>11</u>	<u>36,807</u>	<u>23</u>	<u>39,575</u>	<u>6</u>	<u>82,921</u>	<u>15</u>
7900	Profit before income tax		<u>35,540</u>	<u>15</u>	<u>27,819</u>	<u>18</u>	<u>81,315</u>	<u>12</u>	<u>79,131</u>	<u>15</u>
7950	Income tax expense	6(20)	<u>111)</u>	-	-	-	<u>(111)</u>	-	-	-
8200	Net profit for the period		<u>\$ 35,429</u>	<u>15</u>	<u>\$ 27,819</u>	<u>18</u>	<u>\$ 81,204</u>	<u>12</u>	<u>\$ 79,131</u>	<u>15</u>
	Other comprehensive profit and loss (net)									
	Cumulative translation differences of foreign operation									
8361	Income tax relating to items may be reclassified		\$ -	-	\$ 4	-	(\$ 202)	-	\$ 45	-
8399	Profit before income tax	6(20)	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>(9)</u>	<u>-</u>
8300	Other comprehensive profit and loss (net)		<u>\$ -</u>	<u>-</u>	<u>\$ 3</u>	<u>-</u>	<u>(\$ 161)</u>	<u>-</u>	<u>\$ 36</u>	<u>-</u>
8500	Total comprehensive profit and loss		<u>\$ 35,429</u>	<u>15</u>	<u>\$ 27,822</u>	<u>18</u>	<u>\$ 81,043</u>	<u>12</u>	<u>\$ 79,167</u>	<u>15</u>
	Net profit attributed to									
8610	Parent company		<u>\$ 35,429</u>	<u>15</u>	<u>\$ 27,819</u>	<u>18</u>	<u>\$ 81,204</u>	<u>12</u>	<u>\$ 79,131</u>	<u>15</u>
	Total comprehensive profit & loss attributed to :									
8710	Parent company		<u>\$ 35,429</u>	<u>15</u>	<u>\$ 27,822</u>	<u>18</u>	<u>\$ 81,043</u>	<u>12</u>	<u>\$ 79,167</u>	<u>15</u>
	Earning per share	6(21)								
9750	Basic earning per share		<u>\$ 0.80</u>		<u>\$ 0.63</u>		<u>\$ 1.83</u>		<u>\$ 1.79</u>	
9850	Diluted earning per share		<u>\$ 0.78</u>		<u>\$ 0.61</u>		<u>\$ 1.79</u>		<u>\$ 1.75</u>	

ENE Technology Inc. & Subsidiaries
Consolidated Statements of Changes in Equity
January 1st to September 30th, 2023 & 2022

Unit : NT\$ Thousands

	Note	Equity attributed to Parent Company								Total equity
		Capital surplus			Retained earnings			Others		
		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	
<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		-	-	-	-	-	36	-	-	36
Total of comprehensive P&L of the period		-	-	-	-	79,131	36	-	-	79,167
2021 profit appropriation and distribution										
Legal reserve		-	-	-	6,007	(6,007)	-	-	-	-
Cash dividends		-	-	-	-	(44,323)	-	-	-	(44,323)
Cash from capital reserve		-	(8,864)	-	-	-	-	-	-	(8,864)
Share-based payment transaction	6(13)	10,000	-	30,865	-	-	-	-	(29,877)	10,988
Balance as of 0930		<u>\$ 453,228</u>	<u>\$ 232,219</u>	<u>\$ 44,549</u>	<u>\$ 6,007</u>	<u>\$ 88,870</u>	<u>\$ 172</u>	<u>(\$ 5,000)</u>	<u>(\$ 29,877)</u>	<u>\$ 790,168</u>
<u>2023</u>										
Balance as of 0101		\$ 453,228	\$ 232,218	\$ 44,549	\$ 6,007	\$ 81,820	\$ 161	\$ -	(\$ 25,099)	\$ 792,884
Net profit of the period		-	-	-	-	81,204	-	-	-	81,204
Comprehensive P & L of the period		-	-	-	-	-	(161)	-	-	(161)
Total of comprehensive P&L of the period		-	-	-	-	81,204	(161)	-	-	81,043
2022 profit appropriation and distribution										
Legal reserve		-	-	-	7,208	(7,208)	-	-	-	-
Cash dividends		-	-	-	-	(54,375)	-	-	-	(54,375)
Share-based payment transaction	6(13)	(180)	-	180	-	-	-	-	11,258	11,258
Balance as of 0930		<u>\$ 453,048</u>	<u>\$ 232,218</u>	<u>\$ 44,729</u>	<u>\$ 13,215</u>	<u>\$ 101,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 13,841)</u>	<u>\$ 830,810</u>

ENE Technology Inc. and Subsidiaries
Consolidated Statements of Cash Flows
January 1st to September 30th, 2023 & 2022

	Notes	2023.01.01~0930	2022.01.01~0930
Unit: NTD\$ Thousands			
<u>Cash flow from operating activities:</u>			
Income before income tax		\$ 81,315	\$ 79,131
Adjustments			
Income and expenses/loss items			
Depreciation	6(19)	13,341	11,581
Amortization	6(19)	7,864	1,636
Interest expenses		3,141	1,580
Interest income		(12,832)	(2,767)
Expected credit impairment loss	6(4)	(311)	140
Disposal of real estate, plant & equipment	6(18)	1,109	403
Loss from disposal of subsidiaries	6(18)	1,160	-
Net financial asset at fair value through P&L profit	6(2)	(155)	(144)
Cost for share-based payment compensation	6(13)	11,258	10,988
Profit from lease change	6(7)	(143)	(15)
Net changes in operating related assets			
Net change related to operation activities			
Current financial assets at fair value through profit or loss		(9,870)	(5,000)
Account receivables (include related parties)		(79,532)	(19,067)
Inventories		34,689	(183,935)
Prepaid payments		16,666	(7,488)
Other current assets		(554)	(2,641)
Net changes in operating related liabilities			
Account payables (include related parties)		21,834	32,314
Other account payables (include related parties)		2,387	1,341
Other current liabilities		180	(109)
Other non-current liabilities		(3)	6
Cash flows from operating activities inflow (outflow)		91,544	(82,046)
Interest received		12,822	2,383
Interest paid		(3,139)	(1,625)
Income tax paid		(1,250)	(177)
Net cash inflow (outflow) from operating activities		99,977	(81,465)
<u>Cash flow from investment activities:</u>			
Acquisition of financial assets after amortization		(29,169)	(605)
Acquisition of real estate, plant and equipment	6(22)	(4,476)	(7,603)
Disposal of fixed assets		-	49
Acquisition of intangible assets		(13,930)	(826)
Disposal of subsidiary		(2,817)	-
Decrease (increase) of refundable deposits (other non-current asset)		(829)	35
Increase other non-current assets		(7,500)	-
Net cash outflow from investment activities		(58,721)	(8,950)
<u>Cash flow from financing activities:</u>			
Decrease short term loan	6(23)	(36,000)	(12,272)
Long term loan repayment	6(23)	(3,636)	(5,455)
Lease liabilities principle repayment	6(23)	(5,493)	(5,494)
Cash dividends from capital surplus	6(15)	-	(8,864)
Cash dividend distribution	6(16)	(54,375)	(44,323)
Net cash outflow from financing activities		(99,504)	(76,408)
Effect of exchange rate to cash and cash equivalent		(36)	345
Net decrease in cash and cash equivalent		(58,284)	(166,478)
Cash and cash equivalent at beginning of period		229,124	400,584
Cash and cash equivalent at end of period		\$ 170,840	\$ 234,106

ENE Technology Inc. and Subsidiaries
Notes to Consolidated Financial Statements
January 1st to September 30th, 2023 & 2022

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 September 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 2nd, 2023.

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 2023 adopted by the Company are as follows

<u>New Standards/Amendments/Principles 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
Amendments to IAS 12 “International tax reform Pillar two model rules	2023.05.23

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 IFRS 16 “Lease liabilities in a sale and leaseback”	2024.01.01
Amendments to IAS 1 “To classify debt as current or non-current”	2024.01.01
Amendments to IAS 1 “Non-current liabilities with contractual terms”	2024.01.01
Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements”	2024.01.01

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
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 21 “Lack of exchangeability”	2025. 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

The principle accounting policies applied in the preparation of the consolidated financial statements are outlined below. These policies have been applied consistently to all the periods presented, unless otherwise stated.

(1) Statement of Compliance

1. These consolidated financial statements are prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein after as the “IFRSs”).
2. Please read 2022 annual report as complimentary material.

(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

Principles for preparing the report is the same as the 2022 annual financial 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>2023</u>	<u>2022</u>	<u>2022</u>	
ENE	ENE Touch Technology Co., Ltd (ENE Touch)	Electronic materials distributor	09.30	12.31	09.30	
			-	100	100	

Note: the company sold 100% holding of ENE Touch on 2023.04.20th.

3. List of subsidiaries which are not included in the consolidated financial statement: None.
4. Adjustment and treatment for subsidiaries with different accounting periods: None.
5. Significant restrictions: None.
6. Subsidiaries with significant non-controlling interests in the Group: None.

(4) Employment Benefits

The pension cost for the interim period is calculated on the basis of the pension cost rate from the beginning of the year to the end of the current period using the pension cost rate determined by actuarial calculation at the end of the previous financial year. If there are major market changes, major reductions, liquidations, or other major one-off events after the closing date, adjustments will be made, and relevant information will be disclosed in accordance with the aforementioned policies.

(5) Income Tax

The income tax expense for the interim period is calculated by applying the estimated annual average effective tax rate to the pre-tax profit and loss of the interim period, and discloses relevant information in conjunction with the aforementioned policies.

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

There is no significant changes for the period. Please refer to 2022 Consolidated Financial Report for details.

6. Contents of significant accounts

(1) Cash and Cash Equivalent

	<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>
Cash	\$ 105	\$ 30	\$ 30
Cash in Bank and Cheque	112,065	107,493	64,801
Term Deposit	<u>58,670</u>	<u>121,601</u>	<u>169,275</u>
	<u>\$ 170,840</u>	<u>\$ 229,124</u>	<u>\$ 234,106</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 measured at fair value through P&L

	<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>
Current			
Financial assets measured at fair value through P&L			
Benefit certificates	\$ 10,000	\$ -	\$ 5,132
Adjustment of evaluation	<u>25</u>	<u>-</u>	<u>13</u>
subtotal	<u>\$ 10,025</u>	<u>\$ -</u>	<u>\$ 5,145</u>

1. Net profit from financial assets measured at fair value through P&L for the period 2023.07.01~2023.09.30, 2022.07.01~2022.09.30, 2023.01.01~2023.09.30 and 2022.01.01~2022.209.30 are \$25, \$82, \$155 and \$144 respectively.
2. Financial assets measured at fair value through P&L were not pledged for collateral.
3. Please refer to Note 12(3) for details.

(3) Financial assets at amortized cost

	<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>
Current			
Term deposit matured more than 3 months	\$ 5,000	\$ 5,000	\$ 5,000
Term deposit pledged for collateral	<u>285,617</u>	<u>256,454</u>	<u>220,689</u>
	<u>\$ 290,617</u>	<u>\$ 261,454</u>	<u>\$ 225,689</u>
Non Current			
Term deposit pledged for collateral	<u>\$ 1,053</u>	<u>\$ 1,047</u>	<u>\$ 1,041</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 2023.09.30, 2022.09.30 and 2022.12.31. 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>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>
Notes receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Account receivables	\$ 256,240	\$ 168,809	\$ 217,115
Less: allowances for doubtful accounts	<u>(1,212)</u>	<u>(1,649)</u>	<u>(2,476)</u>
	<u>\$ 255,028</u>	<u>\$ 167,160</u>	<u>\$ 214,639</u>

1. Age analysis:

	<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>
	<u>Account receivables</u>	<u>Account receivables</u>	<u>Account receivables</u>
Not past due	\$ 253,096	\$ 166,653	\$ 212,733
Past due 0~30 days	2,008	-	1,200
Past due 31-90 days	-	727	689
Past due over 91 days	<u>1,136</u>	<u>1,429</u>	<u>2,493</u>
	<u>\$ 256,240</u>	<u>\$ 168,809</u>	<u>\$ 217,115</u>

2. Balance of account receivables as of 2023.09.30, 2022.12.31, 2022.09.30 and 2022.01.01 are \$256,240, \$168,809, \$217,115 and \$191,427.
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 2023.09.30, 2022.12.31 and 2022.09.30 are as 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>2023.09.30</u>					
Expected loss %	0.03%	0.03%	0.03%	0.03%~100%	
AR total	<u>\$ 253,096</u>	<u>\$ 2,008</u>	<u>\$ -</u>	<u>\$ 1,136</u>	<u>\$ 256,240</u>
Allowance for credit impairment loss	<u>\$ 75</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,136</u>	<u>\$ 1,212</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>2022.12.31</u>					
Expected loss %	0%~5.00%	0%~12.30%	0%~44.10%	0%~100%	
AR total	<u>\$166,653</u>	<u>\$ -</u>	<u>\$ 727</u>	<u>\$ 1,429</u>	<u>\$ 168,809</u>
Allowance for credit impairment loss	<u>\$ 220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,429</u>	<u>\$ 1,649</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>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>

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

	<u>2023</u>	<u>2022</u>
	<u>Account receivable</u>	<u>Account receivable</u>
01.01	\$ 1,649	\$ 2,336
Allowance for impairment loss	-	140
Reversal of impairment loss	(319)	-
Impact on the consolidated & individual	(118)	-
09.30	<u>\$ 1,212</u>	<u>\$ 2,476</u>

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

(5) Inventory

	<u>2023.09.30</u>		
	<u>Costs</u>	<u>Allowance for inventory valuation loss</u>	<u>Book Value</u>
Raw material	\$ 162,715	(\$ 9,556)	\$ 153,159
Work in process	170,602	(24,536)	146,066
Finished goods	<u>46,536</u>	<u>(5,206)</u>	<u>41,330</u>
	<u>\$ 379,853</u>	<u>(\$ 39,298)</u>	<u>\$ 340,555</u>
	<u>2022.12.31</u>		
	<u>Costs</u>	<u>Allowance for inventory valuation loss</u>	<u>Book Value</u>
Raw material	\$ 87,556	(\$ 4,842)	\$ 82,714
Work in process	205,156	(17,843)	187,313
Finished goods	<u>110,610</u>	<u>(5,393)</u>	<u>105,217</u>
	<u>\$ 403,322</u>	<u>(\$ 28,078)</u>	<u>\$ 375,244</u>
	<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	<u>120,317</u>	<u>(3,908)</u>	<u>116,409</u>
	<u>\$ 376,620</u>	<u>(\$ 15,716)</u>	<u>\$ 360,904</u>

1. Inventory cost recognized as loss for the period

	<u>2023.07.01~2023.09.30</u>	<u>2022.07.01~2022.09.30</u>
Cost of good sold	\$ 143,925	\$ 84,428
Inventory valuation loss	3,783	6,220
Unallocated manufacturing overhead	-	3,373
Others	<u>-</u>	<u>7,574</u>
	<u>\$ 147,708</u>	<u>\$ 101,595</u>
	<u>2023.01.01~2023.09.30</u>	<u>2022.01.01~2022.09.30</u>
Cost of good sold	\$ 415,263	\$ 316,957
Inventory valuation loss	11,220	9,159
Unallocated manufacturing overhead	814	28,858
Others	<u>-</u>	<u>7,574</u>
	<u>\$ 427,297</u>	<u>\$ 362,548</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>R&D equipment</u>	<u>Office equipment</u>	<u>Improvement on lease</u>	<u>Total</u>
2023.01.01				
Cost	\$ 20,768	\$ 70,793	\$ 3,417	\$ 94,978
Accumulated depreciation	(20,768)	(53,706)	(1,232)	(75,706)
	<u>\$ -</u>	<u>\$ 17,087</u>	<u>\$ 2,185</u>	<u>\$ 19,272</u>
2023.01.01	\$ -	\$ 17,087	\$ 2,185	\$ 19,272
Acquisition	542	819	3,181	4,542
Disposal	-	-	(1,109)	(1,109)
Depreciation expense	(203)	(7,025)	(324)	(7,552)
2023.09.30	<u>\$ 339</u>	<u>\$ 10,881</u>	<u>\$ 3,933</u>	<u>\$ 15,153</u>
2023.09.30				
Cost	\$ 21,310	\$ 71,544	\$ 5,246	\$ 98,100
Accumulated depreciation	(20,971)	(60,663)	(1,313)	(82,947)
	<u>\$ 339</u>	<u>\$ 10,881</u>	<u>\$ 3,933</u>	<u>\$ 15,153</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>

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

(7) Lease – lessee

	<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>
Right-of-use assets:			
buildings	\$ 26,920	\$ 10,540	\$ 12,074
Transportation vehicles	<u>2,454</u>	<u>482</u>	<u>613</u>
	<u>\$ 29,374</u>	<u>\$ 11,022</u>	<u>\$ 12,687</u>
Lease liabilities:			
Current	\$ 6,058	\$ 3,187	\$ 5,333
Non current	<u>22,609</u>	<u>7,014</u>	<u>7,647</u>
	<u>\$ 28,667</u>	<u>\$ 10,201</u>	<u>\$ 12,980</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>2023.07.01~2023.09.30</u>	<u>2022.07.01~2022.09.30</u>
Building	\$ 1,680	\$ 1,522
Transport vehicle	<u>204</u>	<u>300</u>
	<u>\$ 1,884</u>	<u>\$ 1,822</u>
	<u>2023.01.01~2023.09.30</u>	<u>2022.01.01~2022.09.30</u>
Building	\$ 5,330	\$ 4,605
Transport vehicle	<u>459</u>	<u>899</u>
	<u>\$ 5,789</u>	<u>\$ 5,504</u>

3. Acquisition of right-of-use asset for 2023.01.01~2023.09.30 and 2022.01.01~2022.09.30 are \$32,042 and \$10,704.

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>2023.07.01~2023.09.30</u>	<u>2022.07.01~2022.09.30</u>
Interest expense from lease liabilities	\$ 199	\$ 60
Expenses of short term lease	65	65
Expenses of low-value lease	24	17

	<u>2023.01.01~2023.09.30</u>	<u>2022.01.01~2022.09.30</u>
Interest expense from lease liabilities	\$ 378	\$ 144
Expenses of short term lease	174	148
Expenses of low-value lease	103	82
Profit from lease change (note)	(143)	(15)

Note: the company has terminated office lease before maturity.

6. Cash outflow from lease for the period 2023.07.01~2023.09.30, 2022.07.01~2022.09.30 and 2023.01.01~2022.09.30, 2022.01.01~2022.09.30 are \$1,609, \$1,863, \$6,148 and \$5,868.

(8) Intangible assets

	<u>2023</u>	<u>2022</u>
	<u>Computer software</u>	<u>Computer software</u>
01.01		
Cost	\$ 25,204	\$ 2,467
Accumulated amortization & impairment loss	(4,369)	(955)
	<u>\$ 20,835</u>	<u>\$ 1,512</u>
01.01	\$ 20,835	\$ 1,512
Acquisition	17,824	826
Reclassified	(470)	-
Amortization expenses	(7,864)	1,636
09.30	<u>\$ 30,325</u>	<u>\$ 3,974</u>
09.30		
Cost	\$ 42,558	\$ 3,293
Accumulated amortization & impairment loss	(12,233)	(2,591)
	<u>\$ 30,325</u>	<u>\$ 702</u>

(9) Short term loan

	<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>
Guarantee bank loan	<u>\$ 160,000</u>	<u>\$ 196,000</u>	<u>\$ 150,000</u>
Range of interests	1.46%~2.06%	1.46%~1.89%	0.89%~1.66%

1. Unused quota as of 2023.09.30, 2022.12.31 and 2022.09.30 are \$220,000,

\$154,000 and \$200,000.

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

(10) Other payments

	<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>
Dividends	21,121	18,275	20,731
Employee bonus and salary	10,555	10,967	7,433
Compensation to Director of the Board	3,168	2,741	3,110
Intangible asset	3,894	1,610	251
Others	8,900	9,132	9,404
	<u>\$ 47,638</u>	<u>\$ 42,725</u>	<u>\$ 40,929</u>

(11) Long term loan

<u>Type</u>	<u>Duration and terms</u>	<u>Interest range</u>	<u>Guarantee</u>	<u>2022.12.31</u>
Guarantee	2020.06.29 ~2023.06.29 monthly	1.27%~2.69%	Note	\$ 3,091
Bank loan	interest payment			
Credit loan	"	"	None	<u>545</u>
				3,636
Less: loan matured within one year				<u>(3,636)</u>
				<u>\$ -</u>

<u>Type</u>	<u>Duration and terms</u>	<u>Interest range</u>	<u>Guarantee</u>	<u>2022.09.30</u>
Guarantee	2020.06.29 ~2023.06.29 monthly	1.27%~2.43%	Note	\$ 4,637
Bank loan	interest payment			
Credit loan	"	"	None	<u>818</u>
				5,455
Less: loan matured within one year				<u>(5,455)</u>
				<u>\$ -</u>

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

There was no long-term loan as of 2023.09.30. Unused quota for period ending 2023.09.30, 2022.12.31 and 2022.09.30 are \$0.

(12) Pension

1. Defined benefit

- (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) Amount recognized for the pension in according to the above method for the period ending 2023.07.01~2023.09.30, 2022.07.01~2022.09.30, 2023.01.01~2023.09.30 and 2022.01.01~2022.09.30 are \$0.
- (3) This group plans to stop making contributions in the fiscal year 2023 as the retirement reserve is fully funded.

2. Determination of Provision Plan.

- (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 2023.07.01~2023.09.30, 2022.07.01~2022.09.30, 2023.01.01~2023.09.30 and 2022.01.01~2022.09.30 are \$1,195, \$1,261, \$3,617 and \$3,561.

(13) Share-based payments

1.Share based payment as of 2023.09.30:

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	980 thousands unit	1	3years	Continuous employment for 1 year and meet the set KPI, one can exercise in a certain portion (note)

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>2023.01.01~2023.09.30</u>	<u>2022.01.01~2022.09.30</u>
	<u>Quantity (thousands)</u>	<u>Quantity (thousands)</u>
RES at the beginning of the period	1,000	-
Issued shares at the current period	-	1000
Vested shares at the current period	(198)	-
Cancelled shares at the current period	(18)	-
RES at the end of the period	<u>784</u>	<u>1000</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 \$41.5 and \$40.25 are used as the measure of fair value.

4. The cost for above said RES for the period ending 2023.07.01~2023.09.30, 2022.07.01~2022.09.30, 2023.01.01~2023.09.30 and 2022.01.01~2022.09.30 are \$3,753, \$4,730, \$11,258 and \$10,988.

(14) Capital

1. As of 2023.09.30, the registered capital is \$950,000, total of 95,000 thousand shares. Actual capital is \$453,048 with par value of NT\$10. The adjustment of shares for the period as following:

	<u>2023</u>	<u>2022</u>
01.01	45,322,841	44,322,841
RES	-	1,000,000
Cancellation of RES	(18,000)	-
09.30	<u>45,304,841</u>	<u>45,322,841</u>

3. 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 2023.09.30, 1,000,000 shares have been issued, and there are 198 thousands shares vested and 18 thousands canceled shares °

(15) 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.

(16) Retained earnings/Subsequent events

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 May 30th 2023 and June 9th 2022 are:

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>Dividends/ share</u>	<u>Amount</u>	<u>Dividends/ share</u>
Legal reserve	\$ 7,208		\$ 6,007	
Cash dividends	<u>54,375</u>	\$ 1.20	<u>44,323</u>	\$ 0.98
	<u>\$ 61,583</u>		<u>\$ 50,330</u>	

(17) Operation revenue

1. 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>2023.07.01~2023.09.30</u>	<u>China</u>	<u>Taiwan</u>	<u>Others</u>	<u>Total</u>
External customer contract	\$ 154,082	\$ 71,745	\$ 4,361	\$ 249,828
<u>2022.07.01~2022.09.30</u>	<u>China</u>	<u>Taiwan</u>	<u>Others</u>	<u>Total</u>
External customer contract	\$ 87,273	\$ 69,596	\$ 1,583	\$ 174,174
<u>2023.01.01~2023.09.30</u>	<u>China</u>	<u>Taiwan</u>	<u>Others</u>	<u>Total</u>
External customer contract	\$ 441,540	\$ 231,221	\$ 7,990	\$ 450,563
<u>2022.01.01~2022.09.30</u>	<u>China</u>	<u>Taiwan</u>	<u>Others</u>	<u>Total</u>
External customer contract	\$ 350,470	\$ 187,088	\$ 5,672	\$ 384,778

(18) Other profit and loss

	<u>2023.07.01~2023.09.30</u>	<u>2022.07.01~2022.09.30</u>
Foreign exchange gain (loss)	\$ 22,348	\$ 35,510
Profit of financial asset through P&L measured by fair value	25	82
others	-	(198)
	<u>\$ 22,373</u>	<u>\$ 35,409</u>

	<u>2023.01.01~2023.09.30</u>	<u>2022.01.01~2022.09.30</u>
Foreign exchange gain (loss)	\$ 32,034	\$ 81,888
Profit of financial asset through P&L measured by fair value	155	144
Loss from disposal of investment	(1,160)	-
Loss from disposal of real estate, plant and equipment	(1,109)	(403)
Profit from lease change	143	15
others	(261)	(108)
	<u>\$ 29,802</u>	<u>\$ 81,536</u>

(19) Additional information on cost and expense

	<u>2023.07.01~2023.09.30</u>		
	<u>Operation costs</u>	<u>Operation expense</u>	<u>Total</u>
Employee benefit expense			
Salary expense	\$ -	\$ 37,873	\$ 37,873
Share based payment	-	3,753	3,753
Labor and health insurance expense	-	2,381	2,381
Pension expense	-	1,195	1,195

Other HR	-	510	510
	\$ -	\$ 45,712	\$ 45,712
Depreciation expense	\$ -	\$ 4,392	\$ 4,392
Amortization expense	\$ -	\$ 2,592	\$ 2,592

2022.07.01~2022.09.30

	<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
	\$ -	\$ 40,778	\$ 40,778
Depreciation expense	\$ -	\$ 4,062	\$ 4,062
Amortization expense	\$ -	\$ 275	\$ 275

2023.01.01~2023.09.30

	<u>Operation costs</u>	<u>Operation expense</u>	<u>Total</u>
Employee benefit expense			
Salary expense	\$ -	\$ 105,245	\$ 105,245
Share based payment	-	11,258	11,258
Labor and health insurance expense	-	6,307	6,307
Pension expense	-	3,617	3,617
Other HR	-	1,539	1,539
	\$ -	\$ 127,966	\$ 127,966
Depreciation expense	\$ -	\$ 13,341	\$ 13,341
Amortization expense	\$ -	\$ 7,864	\$ 7,864

2022.01.01~2022.09.30

	<u>Operation costs</u>	<u>Operation expense</u>	<u>Total</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
	\$ -	\$ 116,877	\$ 116,877
Depreciation expense	-	11,581	11,581
Amortization expense	-	1,636	1,636

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>2023.07.01~2023.09.30</u>	<u>2022.07.01~2022.09.30</u>
Remuneration to BODs	\$ 1,386	\$ 1,110
Remuneration to employees	9,242	7,403
	<u>\$ 10,628</u>	<u>\$ 8,513</u>
	<u>2023.01.01~2023.09.30</u>	<u>2022.01.01~2022.09.30</u>
Remuneration to BODs	\$ 3,168	\$ 3,110
Remuneration to employees	21,121	20,731
	<u>\$ 24,289</u>	<u>\$ 23,841</u>

The estimation of profits is recognized in according to the Articles for the period 2023.01.01~2023.09.30 and 2022.01.01~2022.09.30.

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 2022.
4. Please refer to MOPS for related information.

(20) Income tax

1. Income tax expense

(1) Components of income tax expense:

	<u>2023.07.01~2023.09.30</u>	<u>2022.07.01~2022.09.30</u>
Current income tax:		
Current income tax expense	\$ -	\$ -
Income tax total	-	-
Deferred income tax		
Temporary differences- original and reversal	3,427	-
Changes of realization of deferred	(3,316)	-

income tax assets		
Income tax expenses	<u>\$</u> 111	<u>\$</u> -
	<u>2023.01.01~2023.09.30</u>	<u>2022.01.01~2022.09.30</u>
Current income tax:		
Current income tax expense	<u>\$</u> -	<u>\$</u> -
Tax for undistributed earnings	<u>498</u>	<u>-</u>
Under-estimates from previous years	<u>209</u>	<u>-</u>
Income tax total	<u>707</u>	<u>-</u>
Deferred income tax		
Temporary differences- original and reversal	<u>8,151</u>	<u>-</u>
Changes of realization of deferred income tax assets	<u>(8,747)</u>	<u>-</u>
Income tax expenses	<u>\$</u> 111	<u>\$</u> -

(2) Amount of income tax related to other comprehensive income:

	<u>2023.07.01~2023.09.30</u>	<u>2022.07.01~2022.09.30</u>
Foreign exchange differences related to foreign operations	<u>\$</u> -	<u>\$</u> 1

	<u>2023.01.01~2023.09.30</u>	<u>2022.01.01~2022.09.30</u>
Foreign exchange differences related to foreign operations	<u>(\$ 41)</u>	<u>\$ 9</u>

2. The income tax has been verified by the tax authority until fiscal year 2021.

(21) Earnings per share

	<u>2023.07.01~2023.09.30</u>		
	<u>\$ after tax</u>	<u>Weighted average Outstanding shares (thousand shares)</u>	<u>EPS (Dollar)</u>
<u>Basic EPS</u>			
Net profit attributed to common shareholders of the parent company	<u>\$ 35,429</u>	<u>44,521</u>	<u>\$ 0.80</u>
<u>Diluted EPS</u>			
Net profit attributed to common shareholders of the parent company	\$ 35,429	44,521	
Potential dilution impact			
RES	-	468	
Employee remuneration	<u>-</u>	<u>404</u>	
Potential dilution impact attributed to the parent company	<u>\$ 35,429</u>	<u>45,393</u>	<u>\$ 0.78</u>
	<u>2022.07.01~2022.09.30</u>		
	<u>\$ after tax</u>	<u>Weighted average Outstanding shares (thousand shares)</u>	<u>EPS (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	<u>-</u>	<u>860</u>	
Potential dilution impact attributed to the parent company	<u>\$ 27,819</u>	<u>45,226</u>	<u>\$ 0.62</u>

<u>2023.01.01~2023.09.30</u>			
	<u>\$ after tax</u>	<u>Weighted average Outstanding shares (thousand shares)</u>	<u>EPS (Dollar)</u>
<u>Basic EPS</u>			
Net profit attributed to common shareholders of the parent company	<u>\$ 81,204</u>	<u>44,466</u>	<u>\$ 1.83</u>
<u>Diluted EPS</u>			
Net profit attributed to common shareholders of the parent company	\$ 81,204	44,466	
Potential dilution impact			
RES	-	411	
Employee remuneration	-	595	
Potential dilution impact attributed to the parent company	<u>\$ 81,204</u>	<u>45,472</u>	<u>\$ 1.79</u>

<u>2022.01.01~2022.09.30</u>			
	<u>\$ after tax</u>	<u>Weighted average Outstanding shares (thousand shares)</u>	<u>EPS (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>

(22) Additional information to cash flow

Investment activity with partial cash payment:

	<u>2023.01.01~2023.09.30</u>	<u>2022.01.01~2022.09.30</u>
Acquisition of real estate, plant and equipment	\$ 4,542	\$ 7,578
Add: equipment payment at the beginning of the period	773	555
Less: equipment payment at the beginning of the period	<u>(839)</u>	<u>(530)</u>
Cash payment of the period	<u>\$ 4,476</u>	<u>\$ 7,603</u>

(23) Changes in liabilities from financing activities

	<u>Short term loan</u>	<u>Long term loan</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
2023.01.01	\$ 196,000	\$ 3,636	\$ 10,201	\$ 209,837
Changes in financing cash flow	(36,000)	(3,636)	(5,493)	(45,129)
Other non-cash changes	<u>-</u>	<u>-</u>	<u>23,959</u>	<u>23,959</u>
2023.09.30	<u>\$ 160,000</u>	<u>\$ -</u>	<u>\$ 28,667</u>	<u>\$ 188,667</u>

	<u>Short term loan</u>	<u>Long term loan</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
2022.01.01	\$ 162,272	\$ 10,909	\$ 9,085	\$ 182,266
Changes in financing cash flow	(12,272)	(5,455)	(5,494)	(23,221)
Other non-cash changes	<u>-</u>	<u>-</u>	<u>9,389</u>	<u>9,389</u>
2022.09.30	<u>\$ 150,000</u>	<u>\$ 5,454</u>	<u>\$ 12,980</u>	<u>\$ 168,434</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)
Alcor Micro	Key personnel of the Company (Institutional Director)
Egis Technology Inc. (EgisTec)	Ultimate parent entity
Algotek	Related company

(2) Significant transactions with related parties

1. Sales

	<u>2023.07.01~2023.09.30</u>	<u>2022.07.01~2022.09.30</u>
Sales:		
ASUSTek	<u>\$ 26,146</u>	<u>\$ 22,560</u>
	<u>2023.01.01~2023.09.30</u>	<u>2022.01.01~2022.09.30</u>
Sales:		
ASUSTek	<u>\$ 82,315</u>	<u>\$ 60,944</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 (service)

	<u>2023.07.01~2023.09.30</u>	<u>2022.07.01~2022.09.30</u>
Service purchase		
Siguard	<u>\$ 5,219</u>	<u>\$ 4,040</u>
	<u>2023.01.01~2023.09.30</u>	<u>2022.01.01~2022.09.30</u>
Service purchase		
Siguard	<u>\$ 12,970</u>	<u>\$ 11,895</u>

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

3. Account receivable

	<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>
ASUSTek			
Account receivables	\$ 26,464	\$ 32,871	\$ 22,542
Less: allowances for loss	<u>(8)</u>	<u>-</u>	<u>-</u>
	<u>\$ 26,456</u>	<u>\$ 32,871</u>	<u>\$ 22,542</u>

The AR is mainly from product sales.

4. Account payable

	<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>
Service purchase			
Siguard	<u>\$ 5,480</u>	<u>\$ 3,349</u>	<u>\$ 3,018</u>

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

5. Other non-current asset

	<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>
Egis (prepaid payment)	<u>\$ 7,500</u>	<u>\$ -</u>	<u>\$ -</u>
Algoltek (deposit)	<u>\$ 595</u>	<u>\$ -</u>	<u>\$ -</u>

The company has signed a product development contract with Egis Technology Inc. As of 2023.09.30, the contracted price not yet paid is \$22,500.

6. Lease- lease

(1) the Company has rented building from Algoltek for 5 years. The new addition of right of use asset is \$14,340. The rent is decided in according to the mutual agreement and paid monthly.

(2) rent liability

a. at the end of the period

	<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>
Algoltek	<u>\$ 13,146</u>	<u>\$ -</u>	<u>\$ -</u>

b. interest expenses:

	<u>2023.07.01 ~ 2023.09.30</u>	<u>2022.07.01 ~ 2023.09.30</u>
Algoltek	<u>\$ 103</u>	<u>\$ -</u>

	<u>2023.01.01 ~ 2023.09.30</u>	<u>2022.01.01 ~ 2023.09.30</u>
Algoltek	<u>\$ 170</u>	<u>\$ -</u>

(3) Key personnel remuneration information

	<u>2023.07.01 ~ 2023.09.30</u>	<u>2022.07.01 ~ 2022.09.30</u>
Salary and other short term employee benefit	\$ 9,783	\$ 7,539
Post employment benefit	201	169
Share based payment	<u>1,443</u>	<u>584</u>
Total	<u>\$ 11,427</u>	<u>\$ 8,292</u>

	<u>2023.01.01 ~ 2023.09.30</u>	<u>2022.01.01 ~ 2022.09.30</u>
Salary and other short term employee benefit	\$ 28,169	\$ 23,823
Post employment benefit	610	522
Share based payment	<u>4,327</u>	<u>1,794</u>
Total	<u>\$ 33,106</u>	<u>\$ 26,139</u>

8. Pledged Asset

Details of the assets provided as collateral by the Group are as follows:

<u>Asset</u>	<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>	<u>Purpose</u>
Term deposit (Note1)	\$ 285,617	\$ 256,454	\$ 220,689	Note 3
Term deposit (Note2)	<u>1,053</u>	<u>1,047</u>	<u>1,041</u>	Note 4
	<u>\$ 286,670</u>	<u>\$ 257,501</u>	<u>\$ 221,730</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 2023.09.30, the amount not yet paid is \$21,013.
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.
3. Please refer to Note7 for details on the unrecognized contractual commitments with related parties.

10. Losses due to major disasters

None.

11. Significant subsequent events

None

12. Others

(1) Capital management

There is no significant changes for the period. Please refer to Note 12(1) of 2022 annual consolidated financial report.

(2) Financial instruments

1. Types

	<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>
<u>Financial asset</u>			
Financial asset measured at fair value through profit and loss	\$ 10,025	\$ -	\$ 5,145
amortized cost measurement (note1)	\$ 750,866	\$ 697,094	\$ 705,881
<u>Financial liabilities</u>			
amortized cost measurement(note2)	\$ 345,397	\$ 356,853	\$ 336,314
Lease liabilities	\$ 28,667	\$ 10,201	\$ 12,980

Note1: cash and cash equivalent, financial asset at amortized cost, net account receivable (including related parties), other account receivables and refundable deposit.

Note2: account payables (including related parties), 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 changes. Please refer to Note 12(2) of 2022 annual consolidated financial report.

3. Significant financial risks

There is no significant changes except items below. Please refer to Note 12(2) of 2022 annual consolidated financial report.

(1) Market risks

Exposure to currency risk

A. The Group operates globally, therefore, it is exposed to various currency exchange rate risks, mainly from the US dollar and the RMB. These exchange rate risks arise from future business transactions and recognized assets and liabilities.

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

<u>2023.09.30</u>					
	Foreign currency		Book value	<u>Sensitivity analysis</u>	
	<u>(\$thousands)</u>	<u>FX rate</u>	<u>(NTD)</u>	<u>Change %</u>	<u>Impact on P&L</u>
<u>Financial asset</u>					
Monetary item					
USD: NTD	\$ 20,865	32.27	\$ 673,310	1%	\$ 6,733
<u>Financial liabilities</u>					
Monetary item					
USD: NTD	1,992	32.27	64,275	1%	643

<u>2022.12.31</u>					
	Foreign currency		Book value	<u>Sensitivity analysis</u>	
	<u>(\$thousands)</u>	<u>FX rate</u>	<u>(NTD)</u>	<u>Change %</u>	<u>Impact on P&L</u>
<u>Financial asset</u>					
Monetary item					
USD: NTD	\$ 20,168	30.71	\$ 619,356	1%	\$ 6,194
<u>Financial liabilities</u>					
Monetary item					
USD: NTD	2,391	30.71	73,416	1%	734

<u>2022.09.30</u>					
	Foreign currency		Book value	<u>Sensitivity analysis</u>	
	<u>(\$thousands)</u>	<u>FX rate</u>	<u>(NTD)</u>	<u>Change %</u>	<u>Impact on P&L</u>
<u>Financial asset</u>					
Monetary item					
USD: NTD	\$ 20,365	31.75	\$ 646,589	1%	\$ 6,466
RMB: NTD	1,341	4.47	5,998	1%	60
<u>Financial liabilities</u>					
Monetary item					
USD: NTD	2,615	31.75	83,026	1%	830

Recognized FX translation (loss)gains (realized and unrealized) are 22,348, \$35,510, \$32,034 and \$81,888 for period of 2023.07.01~2023.09.30 and 2022.07.01~2022.09.30, 2023.01.01~2023.09.30 and 2022.01.01~2022.09.30.

(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 and non-financial instruments measured at fair value are classified by the Group based on the nature, characteristics, risks, and fair value hierarchy of assets and liabilities. Related information as follows:

	<u>2023.09.30</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Repetitive fair value</u>				
Financial assets measured at fair value through P&L				
Beneficial certificates	<u>\$ 10,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,025</u>

	<u>2022.09.30</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Repetitive fair value</u>				
Financial assets measured at fair value through P&L				
Beneficial certificates	<u>\$ 5,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,145</u>

Not applicable as of 2022.12.31.

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.

- For the period of 2023.01.01~2023.09.30 and 2022.01.01~2022.09.30, there was no transfer of Level1 and Level2
- For the period of 2023.01.01~2023.09.30 and 2022.01.01~2022.09.30, there was no transfer of financial instruments in Level 3.
- 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. Not applicable for 2023.09.30, 2022.12.31 and 2022.09.30.

13. Other disclosures

(1) Information on significant transactions

1. Loans to other parties: none
2. Guarantees and endorsements for other parties: none
3. Securities held as of end of the period (other than investments in subsidiaries, associates and JVs): Attachment 1
4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: none
5. Acquisition of individual property with amount exceeding the lower of NT\$300 million or 20% of the capital stock: none
6. Disposal of individual property with amount exceeding the lower of NT\$300 million or 20% of the capital stock: none
7. Related party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: none
8. Receivables from related parties with amount exceeding the lower of NT\$100 million or 20% of capital stock: none
9. Trading in derivative instruments: none
10. Business relationship and significant intercompany transactions: none

(2) Investment

None.

(3) Investment in China

1. Basic information: please see attachment II
2. Direct or indirect significant transaction between investee in China and the company: none

(4) Major shareholders

Please refer to attachment III

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.

ENE Technology Inc and Subsidiaries
 Holdings of securities at the end of the period (excluding investment on subsidiaries, related parties and partnership controlling)
 2023.09.30

Attachemnt I

Unit: NTD\$ Thousands
 (unless indicated otherwise)

<u>Company</u>	<u>Type of the securities</u>	<u>Title of the securities</u>	<u>Relation with the securities issuer</u>	<u>Booking subject</u>	<u>End of the period</u>				<u>Note</u>
					<u>No. of shares (thousands)</u>	<u>Book value</u>	<u>% of holding</u>	<u>Fair value</u>	
ENE Technology Inc	Fund	Jihsun monetary market fund	None	Note 1	659	\$ 10,025	-	\$ 10,025	

Note 1: Financial assets measured at fair value through P&L - Current

ENE Technology Inc and Subsidiaries

Investment in China- Basic information

2023.01.01~2023.09.30

Attachment II

Unit: NTD\$ Thousands
(unless indicated otherwise)

<u>Investee in China</u>	<u>Business scope</u>	<u>Paid-in Capital</u>	<u>Method</u>	Investment \$	Amount outflow or		Accumulated \$	P&L of	Direct/indirect	Recognised	Carrying \$ at	P&L retrieved	<u>Note</u>
				at the beginning	<u>retrieved</u>	outflow from	TW						
ENE Touch Technology Inc	Electrical components distribution	Note 3	Note 1	\$ 9,047	\$ 2,284	31	\$ 11,300	(\$ 683)	100	(\$ 683)	-	31	Note 2 Note 3

<u>Comoany</u>	<u>Accumulated</u>	<u>Investment</u>	<u>Maximum</u>
	<u>\$outflow from TW</u>	<u>Commission MOEA</u>	<u>amount limited</u>
	<u>(Note 3)</u>	<u>approved amount</u>	<u>by Investment</u>
		<u>(Note 3)</u>	<u>Commission</u>
ENE Touch Technology Inc	\$ 11,300	\$ 11,300	\$ 498,486

Note 1: Direct investment in China

Note 2: Investment P&L is calculated based on the audited financial report for the same period

Note 3: 2023.04.20 as the cut date for the selling of the entire holding of ENE Touch, and has submit application for alteration of investment to the Investment Commission.

ENE Technology Inc and Subsidiaries

Major Shareholders

2023.09.30

Attachment III

	<u>Major Shareholder</u>	<u>No. of holdings</u>	<u>Shares</u>	<u>Holding %</u>
Alcor Micro Corp.			8,000,000	17.65%