



ELAN Monthly Sales Report –June 2023

ELAN Microelectronics Corp. (the Company), a leading touch controller solution provider in global NB market, announced its consolidated net sales of NT\$ 994 million for June 2023, up 0.27% mom. Compared on an annual basis, it declined by 31.35% on weaker NB demand, which was affected by inflation, interest hikes and geopolitical-driven wars. 2Q23 sales came at NT\$3,041 million, up 26.46% qoq and down 26.69% yoy. YTD sales decreased by 33.96% on year to NT\$ 5,447 million.

Sales for June 2023 --YoY Comparison

Unit: NT\$ Thousand

Year	2023	2022	YoY
Net Sales (Consolidated)	993,903	1,447,752	-31.35%

The sales breakdown in June 2023: Touchpad Module 47%, Touchscreen Controller 14%, Fingerprint Sensor 14%, Pointstick (PST) 9%, Microcontroller 7%, and 9% from the sales of affiliates. Touch applications, including biometric applications, accounted for 75%, and non-touch applications accounted for 25%.

2022 NB market saw headwinds from geopolitical conflicts, inflations, interest rate hikes, CN lockdown impacts and destocking by Brands, leading annual unit shipments to decline by ~20% yoy to ~ 190 million units. Among them, CN loosened its COVID restrictions at the end of 2022, while Brands see less inventory risks for most of the NB products after 3-4 quarters of inventory digestion.

Nevertheless, the rest of macro uncertainties still affect consumption confidence. Inflation has decreased consumer electronics spending, while corporate procurement weakens in face of soft market demand. Thus, most research houses expect 2023 NB unit shipments to drop by ~10% on year.

ELAN continues to focus on “content value increase” through value-added spec upgrades, which consistently renders greater revenue contribution per NB. Meanwhile, ELAN actively

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expands its exposures to new products and applications, in the area of automotive electronics, foldable smartphone, biometric smart card, mini/micro LED display and ADAS solutions, to build a solid foundation for revenue and profitability growth momentum in the mid-/long-term.

FP penetration rate is expected to grow for years due to users' emphasis on information security. In addition, Windows11 upgrades the security requirement for biometrics, which migrates FP technology from MOH (match-on-host) to MOC (match-on-chip) and builds a higher entry level in addition to higher content value for FP products. ELAN continues to take share with competitive new product launches and sees growth potential from its FP product line once the market demand is back on the track.

Numerous NB players adopted haptic touchpad to enhance the product features. On the other hand, Windows11 allows users to adjust touchpad feedback, echoing the trend of touchpad upgrade in the long-run. 4 NB brands have chosen ELAN's haptic touchpad solutions. Such solutions will expand our content value several times higher, with ASP exceeding US\$20, due to complex design structure and multiple components used, as well as uplift contribution from value-added products. ELAN will optimize the design and cost structure to allow this new technology more affordable to drive higher penetration.

Newly upgraded pen protocols (MPP 2.6 and USI 2.0) will benefit blended ASP. Moreover, our pen-capable technology advantage leads us to co-work with KR/ CN display makers to expand our business scope into a high-growth potential AMOLED foldable smartphone market, where Omdia predicts a CAGR of >45% over 2021~2025.

ELAN's biometric smart card solution has been certified by Mastercard, VISA and UnionPay; and we partner with card manufacturers to promote the solution to the payment card players. In addition to the payment industry, we see emerging demands for security access and member identification from plenty of different sectors, which expands the application of ELAN's biometric smart card solution.

Meanwhile, mini/micro LED display technology is another emerging market ELAN is keen to



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engage in. We work closely with Macroblock and several renowned panel makers to offer solutions for handheld consumer devices, wearable devices, tablet and automotive e-mirror, etc.

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