

**ELAN MICROELECTRONICS CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022**

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

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Independent Auditors' Review Report

To the Board of Directors of
ELAN MICROELECTRONICS CORPORATION:

Introduction

We have reviewed the accompanying consolidated balance sheets of ELAN MICROELECTRONICS CORPORATION (the "Company") and its subsidiaries (the "Group") as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022 and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$1,485,447 thousand and \$1,466,325 thousand, constituting 10.94% and 8.03% of the consolidated total assets; and the total liabilities amounting to \$311,446 thousand and \$476,144 thousand, constituting 5.71% and 7.51% of the consolidated total liabilities as of March 31, 2023 and 2022, respectively; as well as the total comprehensive loss amounting to \$(122,343) thousand and \$(56,758) thousand, constituting (37.87)% and (7.91)% of the consolidated total comprehensive income (loss) respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of \$280,237 thousand and \$343,540 thousand as of March 31, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$33,547 thousand and \$(4,284) thousand respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 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 and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Fang-Yi Lee and Chien-Hui Lu.

KPMG

Taipei, Taiwan (Republic of China)

May 4, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2023, December 31, 2022, and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2023		December 31, 2022		March 31, 2022				March 31, 2023		December 31, 2022		March 31, 2022			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets:		Current liabilities:															
1100	Cash and cash equivalents (note 6(a))	\$	2,823,690	21	2,663,688	20	3,902,453	21	2100	Short-term borrowings (notes 6(k) and 9)	\$	40,000	-	80,000	1	80,000	-
1110	Current financial assets at fair value through profit or loss (notes 6(b) and 13)		431,406	3	522,248	4	780,777	4	2170	Accounts payable		816,971	6	721,448	6	1,956,128	11
1136	Current financial assets at amortised cost, net (notes 6(a) and 8)		159,350	1	266,390	2	2,909,990	16	2206	Employee bonus payable (note 6(u))		352,558	3	375,000	3	927,338	5
1170	Notes and accounts receivable, net (note 6(c))		945,797	8	719,408	6	1,960,225	11	2216	Dividends payable (note 6(p))		1,823,282	14	-	-	-	-
1200	Other receivables (note 6(c))		724,854	5	760,826	6	1,072,217	6	2230	Current tax liabilities		312,972	2	309,291	2	1,260,650	7
1310	Inventories, net (note 6(d))		3,306,291	24	3,730,924	28	2,855,673	16	2280	Current lease liabilities (note 6(m))		29,588	-	29,525	-	19,396	-
1410	Prepayments and other current assets (note 9)		76,365	1	58,797	-	39,023	-	2322	Long-term borrowings, current portion (note 6(k))		-	-	-	-	2,861	-
			8,467,753	63	8,722,281	66	13,520,358	74	2325	Current preference share liabilities (note 6(l))		40,000	-	40,000	-	-	-
									2399	Other current liabilities (note 9)		997,104	7	1,063,518	8	869,407	5
												4,412,475	32	2,618,782	20	5,115,780	28
Non-current assets:		Non-Current liabilities:															
1510	Non-current financial assets at fair value through profit or loss (notes 6(b) and 13)		1,676,746	12	1,475,757	11	1,414,714	8	2540	Long-term borrowings (note 6(k))		-	-	-	-	21,634	-
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(e) and 13)		386,528	4	305,591	3	435,067	2	2570	Deferred tax liabilities		2,523	-	3,365	-	1,067	-
1536	Non-current financial assets at amortized cost (notes 6(a) and 8)		7,400	-	7,400	-	7,200	-	2580	Non-current lease liabilities (note 6(m))		700,491	5	705,770	5	708,418	4
1551	Investments accounted for using equity method (note 6(f))		280,237	2	246,691	2	343,540	2	2635	Non-current preference share liabilities (note 6(l))		-	-	-	-	40,000	-
1600	Property, plant and equipment (note 6(h))		995,101	7	990,675	7	951,463	5	2640	Net defined benefit liability, non-current		289,472	2	309,479	2	386,342	2
1755	Right-of-use assets (note 6(i))		848,437	6	860,010	6	866,882	5	2645	Guarantee deposits received		49,911	-	65,212	-	67,349	-
1780	Intangible assets (notes 6(g) and (j))		808,400	6	604,707	5	495,572	3				1,042,397	7	1,083,826	7	1,224,810	6
1840	Deferred tax assets		44,846	-	45,688	-	39,994	-		Total liabilities		5,454,872	39	3,702,608	27	6,340,590	34
1900	Other non-current assets (note 9)		61,407	-	66,030	-	181,322	1		Equity attributable to owners of parent: (notes 6(f) and (p))							
			5,109,102	37	4,602,549	34	4,735,754	26	3100	Capital stock		3,038,804	22	3,038,804	23	3,038,804	17
									3200	Capital surplus		838,428	6	838,428	7	631,181	3
										Retained earnings:							
									3310	Legal reserve		2,679,726	21	2,679,726	20	2,159,576	12
									3350	Undistributed earnings		1,911,350	14	3,428,146	26	6,623,091	36
												4,591,076	35	6,107,872	46	8,782,667	48
									3400	Other equity		91,852	1	11,078	-	139,866	1
									3500	Treasury shares		(1,106,485)	(8)	(1,106,485)	(8)	(1,106,485)	(6)
										Total equity attributable to owners of parent:		7,453,675	56	8,889,697	68	11,486,033	63
									36XX	Non-controlling interests		668,308	5	732,525	5	429,489	3
										Total equity		8,121,983	61	9,622,222	73	11,915,522	66
Total assets		\$	13,576,855	100	13,324,830	100	18,256,112	100		Total liabilities and equity	\$	13,576,855	100	13,324,830	100	18,256,112	100

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2023 and 2022

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

		For the three months ended March 31			
		2023		2022	
		Amount	%	Amount	%
4000	Total operating revenue (notes 6(s) and 14)	\$ 2,405,138	100	4,098,639	100
5000	Total operating costs (notes 6(d), (n) and 12)	1,424,761	59	2,162,866	53
5900	Gross profit from operations	980,377	41	1,935,773	47
5920	Add: (Unrealized)realized profit from sales	(245)	-	437	-
5950	Gross profits	980,132	41	1,936,210	47
6000	Operating expenses: (notes 6(c), (n), (q) and 12)				
6100	Selling expenses	119,649	5	142,608	3
6200	Administrative expenses	113,990	5	113,467	3
6300	Research and development expenses	532,492	22	567,089	14
6450	Impairment gains determined in accordance with IFRS 9	2,128	-	267	-
		768,259	32	823,431	20
6900	Net Operating income	211,873	9	1,112,779	27
7000	Non-operating income and expenses:				
7100	Interest income (note 6(t))	4,943	-	5,535	-
7010	Other income (note 6(t))	8,357	-	4,964	-
7020	Other gains and losses (note 6(t))	20,773	1	(102,551)	(3)
7050	Finance costs (notes 6(l) and (m))	(3,533)	-	(3,089)	-
7770	Shares of gain (loss) of associates accounted for using equity method (note 6(f))	33,547	1	(4,284)	-
		64,087	2	(99,425)	(3)
7900	Profit before income tax	275,960	11	1,013,354	24
8110	Less: Income tax expenses (note 6(o))	33,336	1	240,277	6
	Net profit	242,624	10	773,077	18
8300	Other comprehensive income (loss): (notes 6(f) and (p))				
8310	Items that may not be reclassified subsequently to profit or loss:				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	80,936	3	(56,757)	(1)
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	80,936	3	(56,757)	(1)
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	(517)	-	1,581	-
8370	Shares of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	-	-	11	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(517)	-	1,592	-
8300	Other comprehensive income (loss), net	80,419	3	(55,165)	(1)
8500	Comprehensive income	<u>\$ 323,043</u>	<u>13</u>	<u>717,912</u>	<u>17</u>
	Net profit (loss) attributable to:				
8610	Owners of parent	\$ 306,486	13	798,287	19
8620	Non-controlling interests	(63,862)	(3)	(25,210)	(1)
		<u>\$ 242,624</u>	<u>10</u>	<u>773,077</u>	<u>18</u>
	Comprehensive income (loss) attributable to:				
8710	Owners of the parent	\$ 387,260	16	743,059	18
8720	Non-controlling interests	(64,217)	(3)	(25,147)	(1)
		<u>\$ 323,043</u>	<u>13</u>	<u>717,912</u>	<u>17</u>
	Earnings per share (expressed in dollars) (note 6(r))				
9710	Basic earnings per share	<u>\$ 1.08</u>		<u>2.81</u>	
9850	Diluted earnings per share	<u>\$ 1.07</u>		<u>2.76</u>	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Retained earnings				Other equity		Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income				
Balance at January 1, 2022	\$ 3,038,804	631,181	2,159,576	5,824,804	(6,923)	202,017	(1,106,485)	10,742,974	230,894	10,973,868
Net profit	-	-	-	798,287	-	-	-	798,287	(25,210)	773,077
Other comprehensive income	-	-	-	-	1,529	(56,757)	-	(55,228)	63	(55,165)
Total comprehensive income	-	-	-	798,287	1,529	(56,757)	-	743,059	(25,147)	717,912
Changes in non-controlling interests	-	-	-	-	-	-	-	-	223,742	223,742
Balance at March 31, 2022	<u>\$ 3,038,804</u>	<u>631,181</u>	<u>2,159,576</u>	<u>6,623,091</u>	<u>(5,394)</u>	<u>145,260</u>	<u>(1,106,485)</u>	<u>11,486,033</u>	<u>429,489</u>	<u>11,915,522</u>
Balance at January 1, 2023	\$ 3,038,804	838,428	2,679,726	3,428,146	(4,706)	15,784	(1,106,485)	8,889,697	732,525	9,622,222
Net profit	-	-	-	306,486	-	-	-	306,486	(63,862)	242,624
Other comprehensive income	-	-	-	-	(162)	80,936	-	80,774	(355)	80,419
Total comprehensive income	-	-	-	306,486	(162)	80,936	-	387,260	(64,217)	323,043
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary share	-	-	-	(1,823,282)	-	-	-	(1,823,282)	-	(1,823,282)
Balance at March 31, 2023	<u>\$ 3,038,804</u>	<u>838,428</u>	<u>2,679,726</u>	<u>1,911,350</u>	<u>(4,868)</u>	<u>96,720</u>	<u>(1,106,485)</u>	<u>7,453,675</u>	<u>668,308</u>	<u>8,121,983</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
**REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY
ACCEPTED AUDITING STANDARDS**

ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 275,960	1,013,354
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	43,094	38,963
Amortization expense	53,861	36,405
Expected credit loss	2,128	267
Net loss (profit) on financial assets at fair value through profit or loss	(35,309)	187,253
Interest expense	3,533	3,089
Interest income	(4,943)	(5,535)
Dividend income	-	(2,884)
Share-based payment transactions	-	296
Share of profit of associates accounted for using equity method	(33,547)	4,284
Loss on disposal of property, plant and equipment	242	-
Impairment loss and disposal loss on inventory	94,621	35,040
Reversal of impairment loss	-	157
Total adjustments to reconcile profit	123,680	297,335
Changes in operating assets and liabilities:		
Increase in notes and accounts receivable	(228,517)	(137,950)
Decrease (increase) in inventories	330,012	(439,949)
(Increase) decrease in prepayments and other current assets	(16,568)	211
Decrease in other receivables	36,068	104,998
Increase in notes and accounts payable	95,523	228,200
Decrease in other current liabilities	(85,935)	(300,756)
Decrease in net defined benefit liability	(20,007)	(10,651)
Cash inflow generated from operations	510,216	754,792
Interest received	4,847	5,319
Interest paid	(3,429)	(3,004)
Income taxes paid	(29,655)	(91)
Net cash flows from operating activities	481,979	757,016
Cash flows from (used in) investing activities:		
Dividends received	-	2,884
Acquisition of current financial assets at fair value through profit or loss	(70,066)	(22,179)
Acquisition of non-current financial assets at fair value through profit or loss	(4,771)	(14,601)
Decrease (increase) in financial assets at amortized cost	107,040	(1,184,540)
Net cash flow from acquisition of subsidiaries	-	53,108
Acquisition of property, plant and equipment	(36,408)	(18,808)
Acquisition of intangible assets	(258,078)	(3,961)
Decrease in refundable deposits	749	4,305
Decrease in other non-current assets	2,874	547
Net cash flows used in investing activities	(258,660)	(1,183,245)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	10,000	60,000
Decrease in short-term borrowings	(50,000)	(10,000)
Repayments of long-term debt	-	(184)
(Decrease) increase in guarantee deposits received	(15,301)	30,706
Payment of lease liabilities	(8,296)	(7,879)
Net cash flows (used in) from financing activities	(63,597)	72,643
Effect of exchange rate changes on cash and cash equivalents	280	1,532
Net increase (decrease) in cash and cash equivalents	160,002	(352,054)
Cash and cash equivalents at the beginning of period	2,663,688	4,254,507
Cash and cash equivalents at the end of period	\$ 2,823,690	3,902,453

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2023 and 2022

(expressed in thousands of New Taiwan Dollar unless otherwise specified)

(1) Company history

Elan Microelectronics Corporation (hereinafter referred to as the “Company”) was incorporated on May 5, 1994, under the approval of Ministry of Economic Affairs, Republic of China (“R.O.C.”). The Company is located at the Hsinchu Science Park. The major business activities of the Company are the manufacture and sale of neural network and fuzzy processors, digital signal processors, 8-bit RISC micro-controllers, and integrated circuits for special use. The Company also offers research and development services with respect to the products presented above. The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) on September 17, 2001. Pursuant to the resolution of the shareholders’ meeting held on June 13, 2008, the Company acquired Elantech Devices Corp. (Elantech). The Company was the surviving company, and Elantech was dissolved in the merger effective from October 1, 2008. Elantech was incorporated on September 18, 2003 as a company limited by shares under the Company Act of the R.O.C.. Elantech was located at Zhonghe District, New Taipei City. The major business activities of Elantech are the research, manufacture, and sale of wireless and wired communication equipment and electronic modules. Please refer to note 4(b) for related information of the Group entities’ main business activities.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the Board of Directors on May 4, 2023.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	<p>The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.</p> <p>The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p>	Effective date to be determined by IASB

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

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

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

- (a) Statement of Compliance

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

(Continued)

ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	Elan Investment Corp.	Investment holding	100.00 %	100.00 %	100.00 %	-
The Company and Elan Investment Corp.	Metanoia Communications Inc. (MetaCom)	Research, design, development, manufacture and sales of Discrete Multi-Tone (DMT) chip and client chip, PON to OLT and ONU chip and GHN chip, a new generation home network	47.71 %	47.71 %	51.57 %	note 1,4
The Company and Elan Investment Corp.	Avisonic Technology Corp. (Avisonic)	Research, design, develop, manufacture and sale on digital image-process chips	87.91 %	87.91 %	87.91 %	note 1
The Company	JUPU ELECTRONIC Co., Ltd. (JUPU)	Wholesale and installation of electronic devices, data storage and equipment process	49.00 %	49.00 %	49.00 %	note 1,2
The Company and Elan Investment Corp.	PiXORD Corporation (PiXORD)	Research, design, develop, manufacture and sale on Webcam and server	97.98 %	97.98 %	98.23 %	note 1,6
The Company and Elan Investment Corp.	Eminent Electronic Technology Corp. Ltd. (Eminent)	Manufactures and sells electronic devices, computer and its related products, manufactures optical instruments	28.11 %	28.11 %	28.74 %	note 1,3
The Company	Elan (H.K.)	Sale and after-sales service	100.00 %	100.00 %	100.00 %	-
The Company	Elan Information	After-sales service and provide new informational skills	100.00 %	100.00 %	100.00 %	-
Elan (H.K.)	Power Asia	Investment holding	100.00 %	100.00 %	100.00 %	-
Power Asia	Elan Shanghai	Provide technical support and information service	100.00 %	100.00 %	100.00 %	-
Power Asia	Elan Shenzhen	Provide technical support and information service	100.00 %	100.00 %	100.00 %	-
MetaCom	Metanoia EU	Provide technical support and information service	100.00 %	100.00 %	100.00 %	note 1,4
The Company	Chimei Motor Electronics Co., Ltd. (Chimei)	Image recognition, automotive electronic manufacturing and wholesaling business	31.36 %	31.36 %	31.36 %	note 1,5
Chimei	Chimei Motor Electronics (SAMOA) Co., Ltd. (Chimei (SAMOA))	Investment holding	100.00 %	100.00 %	100.00 %	note 5

(Continued)

ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
Chimei (SAMOA)	Gianteye Technology (Shanghai) Co., Ltd.	Develops advanced driver assistance systems and wholesales automotive electronic products.	100.00 %	100.00 %	100.00 %	note 5

Note 1: Non-significant consolidated subsidiaries, based solely on the unreviewed financial statements.

Note 2: The Company obtained 3 out of 5 Board seats and gained control over JUPU.

Note 3: The Company obtained 3 out of 5 Board seats and gained control over Eminent. In addition, Eminent issued shares resulting from the exercise of employee stock options on June 22, 2022. The Group's ownership decreased to 28.11%.

Note 4: On November 7, 2022, the Group's shareholding percentage was decreased to 47.71% after participating in the capital increase of Metanoia. The Company obtained 3 out of 5 Board seats and gained control over Metanoia and its subsidiaries.

Note 5: On March 1, 2022, the Company acquired equity interest from 5% to 31.36% in Chimei Motor Electronics Co., Ltd. by participating in a cash capital increase and obtained four of the seven seats on the Board of Directors. Therefore, Chimei Motor Electronics Co., Ltd. and its subsidiaries are considered to be subsidiaries over which the Company has control and are included in the consolidated financial statements since then.

Note 6: On September 2, 2022, the Group's shareholding percentage was decreased to 97.98% after participating in the capital increase of PiXORD.

(c) Employee benefits

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

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best calculated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(Continued)

ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2022 consolidated financial statements. Please refer to Note 6 of the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Petty cash	\$ 1,055	1,099	1,322
Checking and demand deposits	1,413,360	1,965,777	2,317,031
Time deposits	1,576,025	970,602	4,501,290
Less: Restricted deposits (recorded as current and non-current financial assets measured at amortized cost) (Note h)	(7,400)	(99,590)	(93,090)
Time deposits (recorded as financial assets measured at amortized cost) with original maturities of over three months	(159,350)	(174,200)	(2,824,100)
	<u>\$ 2,823,690</u>	<u>2,663,688</u>	<u>3,902,453</u>

The Group did not recognize impairment loss on current and non-current financial assets at amortized cost for the three months ended March 31, 2023 and 2022. Please refer to note 6(v) for the information on credit risk of the Group.

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	March 31, 2023	December 31, 2022	March 31, 2022
Current:			
Domestic			
Listed stocks	\$ 6,313	4,298	5,934
Certificates of beneficial interest	<u>425,093</u>	<u>419,241</u>	<u>626,756</u>
Subtotal	<u>431,406</u>	<u>423,539</u>	<u>632,690</u>
Foreign			
Certificates of beneficial interest	-	25,216	79,403
Short-term commercial papers	<u>-</u>	<u>73,493</u>	<u>68,684</u>
Subtotal	<u>-</u>	<u>98,709</u>	<u>148,087</u>
Non-current:			
Domestic			
Listed stocks	344,444	249,210	396,067
Non-publicly traded stocks	<u>1,097,173</u>	<u>993,082</u>	<u>846,912</u>
Subtotal	<u>1,441,617</u>	<u>1,242,292</u>	<u>1,242,979</u>
Foreign			
Certificates of beneficial interest	<u>235,129</u>	<u>233,465</u>	<u>171,735</u>
Total	<u><u>\$ 2,108,152</u></u>	<u><u>1,998,005</u></u>	<u><u>2,195,491</u></u>

- (i) The Group invests in certificates of beneficial interests and short term commercial papers issued by City Credit Investment Bank Limited (CCIB) and City Credit Asset Management Co., Ltd. (CCAM). According to the official announcement on their website prior to March 27, 2023, the principal redemptions for all products will be temporarily suspended starting from January 1, 2023. Furthermore, any trading of the ongoing principal redemptions as of January 1, 2023 will be suspended. The Group evaluated both of the above companies' continuity of operations as a going concern, which involved the fair expression of its asset value, resulting in a financial asset loss of NT\$168,774 thousand to be recognized from January 1 to March 31, 2023.
- (ii) As of March 31, 2023, December 31 and March 31, 2022, the Group's financial assets at fair value through profit or loss were not pledged as collateral for its loans.
- (iii) Please refer to Note 6(v) for the disclosure of the financial asset category and fair value measurement of the Group.

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Notes and accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	\$ 2,735	1,890	7,187
Accounts receivable - fair value through other comprehensive income	631,247	410,234	1,378,125
Accounts receivable - measured at amortized cost	336,766	330,105	604,711
Less: Loss allowance	(24,951)	(22,821)	(29,798)
	<u><u>\$ 945,797</u></u>	<u><u>719,408</u></u>	<u><u>1,960,225</u></u>

The Group has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such accounts receivable was measured at fair value through other comprehensive income.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information. The loss allowance provisions were determined as follows:

March 31, 2023			
	Gross carrying amount	Weighted- average loss rate	Expected credit loss
Current	\$ 904,665	0.36%	3,272
1 to 30 days past due	33,366	1.58%	527
31 to 60 days past due	12,390	10.24%	1,269
61 to 90 days past due	99	53.54%	53
More than 90 days past due	20,228	50%~100%	19,830
	<u><u>\$ 970,748</u></u>		<u><u>24,951</u></u>

December 31, 2022			
	Gross carrying amount	Weighted- average loss rate	Expected credit loss
Current	\$ 678,875	0.33%	2,252
1 to 30 days past due	42,562	1.62%	690
31 to 60 days past due	234	10.68%	25
61 to 90 days past due	1,062	75.99%	807
More than 90 days past due	19,496	50%~100%	19,047
	<u><u>\$ 742,229</u></u>		<u><u>22,821</u></u>

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Expected credit loss
Current	\$ 1,892,980	0.25%	4,695
1 to 30 days past due	59,391	1.73%	1,029
31 to 60 days past due	10,844	10.91%	1,183
61 to 90 days past due	4,358	54.64%	2,381
More than 90 days past due	22,450	50%~100%	20,510
	\$ 1,990,023		29,798

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

	For the three months ended March 31	
	2023	2022
Balance at January 1	\$ 22,821	28,481
Impairment loss recognized (reversed)	-	1,046
Impairment Loss	2,128	267
Effect of changes in exchange rates	2	4
Balance at December 31	\$ 24,951	29,798

The Group entered into non-recourse factoring agreements with different financial institutions to sell its accounts receivable. Under the agreements, the Group does not have the responsibility to assume the default risk of the transferred accounts receivable. The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The accounts receivable from the financial institutions were recognized as “other receivables” upon the derecognition of those accounts receivable.

	March 31, 2023					
Purchaser	Accounts derecognized	Factoring Line	Advanced Amount	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Far Eastern International Bank Co., Ltd. KGI Bank Entie Commercial Bank, Ltd.	\$ 625,706	2,918,000	-	625,706	0.05%~0.10%	None

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022						
Purchaser	Accounts derecognized	Factoring Line	Advanced Amount	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Far Eastern International Bank Co., Ltd. KGI Bank Entie Commercial Bank, Ltd.	<u>\$ 586,619</u>	<u>2,929,200</u>	<u>-</u>	<u>586,619</u>	<u>0.05%~0.10%</u>	None
March 31, 2022						
Purchaser	Accounts derecognized	Factoring Line	Advanced Amount	Amount Recognized in Other Receivables	Range of Interest Rate	Collateral
Far Eastern International Bank Co., Ltd. KGI Bank Entie Commercial Bank, Ltd. Taishin International Bank Co., Ltd.	<u>\$ 938,693</u>	<u>2,092,460</u>	<u>-</u>	<u>938,693</u>	<u>0.05%~0.10%</u>	None

The Group has deducted the advanced amount from the accounts receivable in accordance with the condition of derecognition as of March 31, 2023, December 31 and March 31, 2022. The remaining amount has been reclassified into other receivables. The Group did not recognize impairment loss on other receivables for the three months ended March 31, 2023 and 2022. Please refer to note 6(w) for the information on credit risk of the Group.

The Group's notes receivable, accounts receivable, and other receivables have not been pledged as guarantees on March 31, 2023, December 31 and March 31, 2022.

(d) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	<u>\$ 1,436,052</u>	<u>1,710,468</u>	<u>974,522</u>
Work in progress	<u>1,501,756</u>	<u>1,653,579</u>	<u>1,440,886</u>
Finished goods	<u>368,483</u>	<u>366,877</u>	<u>440,265</u>
	<u>\$ 3,306,291</u>	<u>3,730,924</u>	<u>2,855,673</u>

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The details of the cost of sales were as follows:

	For the three months ended March 31	
	2023	2022
Inventory that has been sold	1,327,328	2,128,053
Write-down of inventories	94,621	35,040
Others	2,812	(227)
	<u>1,424,761</u>	<u>2,162,866</u>

As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide any inventories as collateral for its loans.

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

	March 31, 2023	December 31, 2022	March 31, 2022
Equity investments at fair value through other comprehensive income:			
Emerging stocks	\$ 13,883	13,096	20,947
Listed stocks	<u>372,645</u>	<u>292,495</u>	<u>414,120</u>
	<u>\$ 386,528</u>	<u>305,591</u>	<u>435,067</u>

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

(ii) There were no disposals of strategic investments and transfers of any accumulative gain or loss within equity relating to these investments as of March 31, 2023 and 2022.

(iii) For market risk, please refer to note 6(v).

(iv) As of March 31, 2023, December 31 and March 31, 2022, the financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral for its loans.

(f) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Associates	<u>\$ 280,237</u>	<u>246,691</u>	<u>343,540</u>

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
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The related information on the original investment cost of the associates was as follows:

		Main operating location / Registered Country of the Company	March 31, 2023		December 31, 2022		March 31, 2022	
	Nature of the relationship with the Group		Amount	Share- holding (%)	Amount	Share- holding (%)	Amount	Share- holding (%)
Tong Fu Investment Corporation	Investment holding	R.O.C.	\$ -	46.73	-	46.73	-	46.73
Lighting Device Technologies Corp.	Research, design, develop, manufacture and sale on LED chips	R.O.C.	-	45.07	-	45.07	-	45.07
Top Taiwan X Venture Capital Co., Ltd.	Venture capital	R.O.C.	271,224	30.00	237,907	30.00	335,324	30.00
Uniband Electronic Corp.	Manufactures and sells electronic devices	R.O.C.	9,013	24.69	8,784	24.69	8,216	24.69
Finger Pro. Incorporation	Manufactures and sells electronic devices	R.O.C.	-	23.08	-	23.08	-	23.08
RONG CHENG Technology	Manufactures and sells electronic devices, computers and its related products, manufactures optical instruments	R.O.C.	-	38.46	-	38.46	-	38.46
			<u>\$ 280,237</u>		<u>246,691</u>		<u>343,540</u>	

The Group's financial information on investments accounted for using the equity method that are individually insignificant was as follows:

	For the three months ended March 31	
	2023	2022
Attributable to the Group:		
Profit (Loss) from continuing operations	33,547	(4,284)
Other comprehensive income (loss)	-	11
Comprehensive income	<u>33,547</u>	<u>41,263</u>

Investments were accounted for by using the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Business combinations

- (i) 1) On March 1, 2022, the Group obtained control over Chimei Motor Electronics Co., Ltd. and began to incorporate it into the consolidated financial statements. The Group holds the equity in the Company from 5% to 31.36%, which is mainly engaged in the manufacturing and wholesale of image recognition and automotive electronics products. The Group expects to improve its management synergy after the acquisition. From January 1, 2023 to March 31, 2023, the Group did not have the transactions mentioned above.
- 2) The following table summarized the consideration paid for Chimei and the fair value of the assets acquired, and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date.

	December 31, 2022	March 31, 2022
Consideration paid by cash	\$ 199,200	-
Fair value of pre-existing interest in Chimei	22,800	202,067
Non-controlling interest in the acquisition	<u>351,727</u>	<u>223,742</u>
	<u>\$ 573,727</u>	<u>425,809</u>
	<u>Practical</u>	<u>Tentative</u>
Current assets		
Cash and cash equivalents	\$ 252,308	252,308
Accounts receivables (note 6(c))	28,349	28,349
Other receivables	14	14
Inventories	136,619	136,619
Prepayments	7,130	7,130
Non-current assets		
Property, plant and equipment (note 6(h))	10,669	10,669
Intangible assets (note 6(j))	187,515	1,204
Guarantee deposits	1,685	1,685
Current liabilities		
Accounts payables	(21,476)	(21,476)
Other payables	(25,858)	(25,858)
Non-current liabilities		
Long-term borrowing	(24,679)	(24,679)
reference share liabilities non-current	<u>(40,000)</u>	<u>(40,000)</u>
Total identifiable net assets acquired	<u>\$ 512,276</u>	<u>325,965</u>
Goodwill (note 6(j))	<u>\$ 61,451</u>	<u>99,844</u>

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Net cash flows from acquisition of a subsidiary

Consideration paid by cash	\$ 252,308
Less: Cash paid	<u>(199,200)</u>
Net cash inflow	<u><u>\$ 53,108</u></u>

- 4) Chimei contributed the sales and net profits \$11,817 thousand and \$1,776 thousand respectively from the acquisition date to March 31, 2023. If the acquisition happened on January 1, 2022, the management estimated that the Group of sales and net income will be \$4,117,358 thousand and \$770,028 thousand respectively. In determining the amount, the management assumed that the acquisition occurred on January 1, 2022 and assumed that the provisional fair value adjustment was the same at the acquisition date.
- 5) The original accounting treatment of Chimei's merger has yet to be completed before March 31, 2022. Therefore, the Group recognized the incomplete accounting treatment items based on the provisional amount, and recognized them as additional assets on December 31, 2022, with the additional assets being included to reflect the new information obtained during the measurement period about the facts and circumstances that existed at the acquisition date.

(h) Property, plant and equipment

The movements of cost and depreciation of property, plant and equipment were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Office and transportation equipment</u>	<u>Equipment awaiting examination and prepayments on construction</u>	<u>Total</u>
Cost:						
Balance at January 1, 2023	\$ 230,790	1,165,013	740,526	204,762	79,310	2,420,401
Additions	-	-	6,534	1,331	28,543	36,408
Derecognized	-	-	(2,031)	(474)	-	(2,505)
Reclassification	-	-	7,714	-	(7,818)	(104)
Effect of movements in exchange rates	-	-	20	40	-	60
Balance at March 31, 2023	<u>\$ 230,790</u>	<u>1,165,013</u>	<u>752,763</u>	<u>205,659</u>	<u>100,035</u>	<u>2,454,260</u>
Balance at January 1, 2022	\$ 230,790	1,178,182	671,578	164,413	33,979	2,278,942
Acquisitions	-	-	1,322	8,868	479	10,669
Additions	-	786	9,568	1,757	6,697	18,808
Derecognized	-	-	(3,964)	(1,239)	-	(5,203)
Reclassification	-	2,541	711	1,423	(7,044)	(2,369)
Effect of movements in exchange rates	-	-	197	314	-	511
Balance at March 31, 2022	<u>\$ 230,790</u>	<u>1,181,509</u>	<u>679,412</u>	<u>175,536</u>	<u>34,111</u>	<u>2,301,358</u>

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Office and transportation equipment</u>	<u>Equipment awaiting examination and prepayments on construction</u>	<u>Total</u>
Depreciation:						
Balance at January 1, 2023	\$ -	734,931	547,108	147,687	-	1,429,726
Depreciation	-	5,087	20,705	5,671	-	31,463
Derecognized	-	-	(1,828)	(435)	-	(2,263)
Reclassification	-	-	185	-	-	185
Effect of disposal of subsidiaries	-	-	16	32	-	48
Balance at March 31, 2023	<u>\$ -</u>	<u>740,018</u>	<u>566,186</u>	<u>152,955</u>	<u>-</u>	<u>1,459,159</u>
Balance at January 1, 2022	\$ -	714,779	474,786	137,053	-	1,326,618
Depreciation	-	5,549	19,292	3,218	-	28,059
Derecognized	-	-	(3,964)	(1,239)	-	(5,203)
Effect of movements in exchange rates	-	-	174	247	-	421
Balance at March 31, 2022	<u>\$ -</u>	<u>720,328</u>	<u>490,288</u>	<u>139,279</u>	<u>-</u>	<u>1,349,895</u>
Carrying amount:						
Balance at March 31, 2023	<u>\$ 230,790</u>	<u>424,995</u>	<u>186,577</u>	<u>52,704</u>	<u>100,035</u>	<u>995,101</u>
Balance at January 1, 2023	<u>\$ 230,790</u>	<u>430,082</u>	<u>193,418</u>	<u>57,075</u>	<u>79,310</u>	<u>990,675</u>
Balance at March 31, 2022	<u>\$ 230,790</u>	<u>461,181</u>	<u>189,124</u>	<u>36,257</u>	<u>34,111</u>	<u>951,463</u>

As of March 31, 2023, December 31 and March 31, 2022, the Group didn't provide any property, plant and equipment as collateral for its loan.

(i) Right-of-use assets

The Group leases many assets including land, buildings, machinery and office equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2023	\$ 842,737	77,690	948	10,062	931,437
Effect of movements in exchange rates	-	81	-	-	81
Balance at March 31, 2023	<u>\$ 842,737</u>	<u>77,771</u>	<u>948</u>	<u>10,062</u>	<u>931,518</u>

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Land	Buildings	Machinery and equipment	Office equipment	Total
Balance at January 1, 2022	\$ 842,737	42,070	948	19,179	904,934
Additions	-	40,072	-	-	40,072
Derecognized	-	-	-	(9,117)	(9,117)
Effect of movements in exchange rates	-	1,095	-	-	1,095
Balance at March 31, 2022	<u><u>\$ 842,737</u></u>	<u><u>83,237</u></u>	<u><u>948</u></u>	<u><u>10,062</u></u>	<u><u>936,984</u></u>
Accumulated depreciation:					
Balance at January 1, 2023	\$ 49,713	14,643	764	6,307	71,427
Depreciation	5,502	5,212	79	838	11,631
Effect of movements in exchange rates	-	23	-	-	23
Balance at March 31, 2023	<u><u>\$ 55,215</u></u>	<u><u>19,878</u></u>	<u><u>843</u></u>	<u><u>7,145</u></u>	<u><u>83,081</u></u>
Balance at January 1, 2022	\$ 27,706	27,446	448	10,784	66,384
Depreciation	5,502	4,309	78	1,015	10,904
Derecognized	-	-	-	(8,006)	(8,006)
Effect of movements in exchange rates	-	820	-	-	820
Balance at March 31, 2022	<u><u>\$ 33,208</u></u>	<u><u>32,575</u></u>	<u><u>526</u></u>	<u><u>3,793</u></u>	<u><u>70,102</u></u>
Carrying amount:					
Balance at March 31, 2023	<u><u>\$ 787,522</u></u>	<u><u>57,893</u></u>	<u><u>105</u></u>	<u><u>2,917</u></u>	<u><u>848,437</u></u>
Balance at January 1, 2023	<u><u>\$ 793,024</u></u>	<u><u>63,047</u></u>	<u><u>184</u></u>	<u><u>3,755</u></u>	<u><u>860,010</u></u>
Balance at March 31, 2022	<u><u>\$ 809,529</u></u>	<u><u>50,662</u></u>	<u><u>422</u></u>	<u><u>6,269</u></u>	<u><u>866,882</u></u>

As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide any Right-of-use assets as collateral for its loans.

(j) Intangible assets

The movements of cost and accumulated amortization of intangible assets were as follows:

	Goodwill	Technical Know-how	Computer software	Total
Cost:				
Balance at January 1, 2023	\$ 238,289	447,368	306,789	992,446
Additions	-	47,366	210,712	258,078
Derecognized	-	(4,742)	(83,918)	(88,660)
Reclassifications	-	-	286	286
Balance at March 31, 2023	<u><u>\$ 238,289</u></u>	<u><u>489,992</u></u>	<u><u>433,869</u></u>	<u><u>1,162,150</u></u>

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Goodwill	Technical Know-how	Computer software	Total
Balance at January 1, 2022	\$ 176,838	281,058	265,155	723,051
Additions	-	-	3,961	3,961
Acquisitions (tentative) (Note 6 (g))	99,844	833	371	101,048
Reclassifications	-	-	2,318	2,318
Derecognized	-	(1,689)	(6,767)	(8,456)
Balance at March 31, 2022	<u><u>\$ 276,682</u></u>	<u><u>280,202</u></u>	<u><u>265,038</u></u>	<u><u>821,922</u></u>
Accumulated amortization:				
Balance at January 1, 2023	\$ -	160,431	227,308	387,739
Additions	-	22,574	31,287	53,861
Derecognized	-	(3,932)	(83,918)	(87,850)
Balance at March 31, 2023	<u><u>\$ -</u></u>	<u><u>179,073</u></u>	<u><u>174,677</u></u>	<u><u>353,750</u></u>
Balance at January 1, 2022	\$ -	134,420	163,981	298,401
Additions	-	15,883	20,522	36,405
Derecognized	-	(1,689)	(6,767)	(8,456)
Balance at March 31, 2022	<u><u>\$ -</u></u>	<u><u>148,614</u></u>	<u><u>177,736</u></u>	<u><u>326,350</u></u>
Carrying amount:				
Balance at March 31, 2023	<u><u>\$ 238,289</u></u>	<u><u>310,919</u></u>	<u><u>259,192</u></u>	<u><u>808,400</u></u>
Balance at January 1, 2023	<u><u>\$ 238,289</u></u>	<u><u>286,937</u></u>	<u><u>79,481</u></u>	<u><u>604,707</u></u>
Balance at March 31, 2022	<u><u>\$ 276,682</u></u>	<u><u>131,588</u></u>	<u><u>87,302</u></u>	<u><u>495,572</u></u>

The additional intangible assets of the Group from January 1 to March 31, 2023 were all purchased from non-related parties.

(k) Long-term and short-term borrowings

(i) Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank loans	<u><u>\$ 40,000</u></u>	<u><u>80,000</u></u>	<u><u>30,000</u></u>
Range of interest rate	<u><u>2.23%~2.70%</u></u>	<u><u>1.98%~ 2.70%</u></u>	<u><u>1.60%~ 1.80%</u></u>
Unused short-term credit lines	<u><u>\$ 3,035,000</u></u>	<u><u>2,935,000</u></u>	<u><u>2,700,000</u></u>

(ii) Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank loans	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>24,495</u></u>
Range of interest rate	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1.05%~2.15%</u></u>
Unused long-term credit lines	<u><u>\$ 6,734,000</u></u>	<u><u>6,734,000</u></u>	<u><u>4,947,504</u></u>

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Refer to note 6(v) for the type of the financial assets and liabilities of the Group.

(l) Preference share liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cumulative redeemable preferred shares(Current and non-current)	\$ <u>40,000</u>	<u>40,000</u>	<u>40,000</u>

The rights and obligations of Chimei's issuance of preference shares are as follows:

- (i) These preference shares do not entitle a shareholder any voting rights (including the right to vote for directors and supervisors). However, these preference shares allow a shareholder to have the right to vote in the preference stockholders' meeting and matters related to the rights of shareholders of these preference shares.
- (ii) Except for dividends, these preference shares cannot be included in the distribution of earnings and capital surplus of common shares, as well as other form of preference shares.
- (iii) The dividends of these preference shares are set at an annual interest rate of 1.5%, calculated based on the total amount of subscription, and paid out in cash annually, with the approval of the shareholders after they have examined the financial report and accounting books. Thereafter, the board of directors shall determine the ex-dividend base date for the distribution of dividends for these preference shares, and make a payment for the payable and accumulated undistributed dividends. The dividends for each year shall be calculated starting from the date of issuance and distributed based on the actual number of issuance days of the year, wherein the issuance date shall be defined as the base date for the capital increase of preference shares. If the Group incurred profit for the year, the profit shall first be used to pay taxes, then offset the previous years' deficit; thereafter, set aside 10% of the remaining profit as legal reserve. The remainder, if any, together with any undistributed retained earnings, shall be distributed as cash dividends according to the distribution plan proposed by the Board of Directors in the shareholders' meeting for approval. However, if there are no earnings in the year or the surplus is insufficient to distribute the full dividends of these preference shares, the preference shareholders shall be prioritized for the appropriation of the distributable portion; then any remainder shall be used to cover for the insufficient portion of the dividends, or distributed according to the provisions below:

The issuance period of these preference shares is three years(2020.7.13-2023.7.13). Upon maturity, the invested enterprise shall calculate the unobtained dividends based on the original total amount of subscription of these preference shares, plus an issuance period of three years, wherein the entire preference shares shall be withdrawn in cash in a lump sum. Furthermore, the investee corporation may withdraw the preference shares in advance based on the original total amount of subscription of the preference shares, plus the unobtained dividends calculated in proportion to the three-year issuance period.

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iv) The preference shareholders should be prioritized during the distribution of the remaining property of the invested enterprise for these preference shares, to be followed by the ordinary shareholders, and lastly, the other preference shareholders, with an amount not exceeding the total subscription amount of the investor, plus the unobtained dividends calculated based on the issuance period of three years.
- (v) Agreed conversion: The preference shares cannot be converted into ordinary shares.
- (vi) If the investee enterprise falls under any of the following circumstances during the issuance period of the preference shares, it shall withdraw the preference shares in advance in accordance with the above provisions.

- 1) Public offering
- 2) The rights and obligations of the preference shares recorded in the articles of association of the invested enterprise being inconsistent with all the rights and obligations of the preference shares stipulated above, resulting in the investor to request the invested enterprise to make corrections within a certain time limit.
- 3) The possibility of the invested enterprise violating the provisions of the subscription agreement, such as: the use of investment funds, the guarantee of continued operation, the rights and obligations of the preference shares other than those stipulated above (including, but not limited to, the invested enterprise, the undistributed dividends of the preference shares, the dividends in arrears, the conditions for early withdrawal are met but have been refused by the investor) , interested party transactions, notification obligations, obligation on providing business and financial information, and failure to promptly comply accordingly with the investor's request by making the necessary corrections.
- 4) Money laundering prevention and combating terrorism.

The Group recognized interest expenses amounting to \$150 and \$50 thousand for the three months ended March 31, 2023 and 2022.

(m) Lease liabilities

The lease liabilities were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Current	\$ <u>29,588</u>	<u>29,525</u>	<u>19,396</u>
Non-current	\$ <u>700,491</u>	<u>705,770</u>	<u>708,418</u>

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

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2023	2022
Interest on lease liabilities	\$ <u>3,026</u>	<u>2,892</u>
Expenses relating to short-term leases	\$ <u>4,302</u>	<u>4,537</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>343</u>	<u>211</u>

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

	For the three months ended March 31	
	2023	2022
Total cash outflow for leases	\$ <u>15,967</u>	<u>15,519</u>

(i) Real estate leases

The Group leases land and buildings for its office space. The leases of land typically run for a period of 20 to 40 years, and of buildings for 2 to 19 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. Some leases provide for additional rent payments that are based on changes in local price indices.

(ii) Other leases

The Group leases machinery and equipment, with lease terms of 1 to 3 years. These leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. The Group leases its office equipment, with lease terms of 1 to 3 years. In some cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term. These leases are short-term or leases of low-value items which the Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(n) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021. The expenses recognized in profit or loss for the Group were as follows:

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
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	For the three months ended March 31	
	2023	2022
Operating cost	\$ 115	68
Selling expenses	92	58
Administration expenses	122	68
Research and development expenses	1,155	624
	\$ 1,484	818

(ii) Defined contribution plans

The Group's expenses incurred from the contributions to the Bureau of Labor Insurance for the and three months ended March 31, 2023 and 2022 were as follows:

	For the three months ended March 31	
	2023	2022
Operating cost	\$ 2,332	2,233
Selling expenses	1,661	1,619
Administration expenses	2,819	2,580
Research and development expenses	13,683	13,066
	\$ 20,495	19,498

(o) Income taxes

- (i) Income tax expenses for the period are best calculated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management.

The Group's income tax expenses were as follows:

	For the three months ended March 31	
	2023	2022
Current tax expense	\$ 33,336	240,277

- (ii) The Company's tax returns for the year through 2020 were assessed by the tax authorities.

(p) Capital and other equity

- (i) Ordinary share

As of March 31, 2023, December 31 and March 31, 2022, the authorized capital of the Company amounted to \$4,800,000 thousand, divided into 303,880 thousand ordinary shares, with par value of \$10 per share. The issued shares were composed of common stocks only and have been fully paid up.

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The balances of capital surplus were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Additional paid-in capital	\$ 231,051	231,051	231,051
Treasury share transactions	509,478	509,478	337,686
Difference arising from subsidiary's share price and its carrying value	97,899	97,899	62,444
	<u>\$ 838,428</u>	<u>838,428</u>	<u>631,181</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's Article of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. Aside from the aforesaid legal reserve, the Company may appropriate another sum as a special reserve according to operation needs and legal requirements, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors. The issuance of new shares have first to be decided during the board meeting, and thereafter, submitted to the shareholders' meeting for approval. According to the Company Act, the distribution of earnings or legal reserve and capital surplus, distributed by way of cash, shall be decided during the board meeting, approved by more than half of the directors, with two thirds of directors in attendance; thereafter, to be submitted in the shareholders' meeting of the Company. For dividends of at least 50% of current-period earnings and undistributed prior-period earnings, the cash dividends shall not be less than 10% of the total amount dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
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2) Special reserve

In accordance with Ruling No. 1090150022 issued by the Financial Supervisory Commission on March 31, 2021, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The appropriation of earnings for 2022 had been approved at the Board of Directors meeting on February 22, 2023. The cash dividend of \$6.00 per share. The Company declared cash dividends of \$6.00 and \$13.81 per share, amounting to \$1,823,282 thousand and \$4,102,385 thousand, respectively, for the year 2022 and 2021. Relevant information on 2023 and 2022 earnings distribution can be found at the Market Observation Post System.

(iv) Treasury shares

	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
	<u>Shares (in thousands)</u>	<u>Amounts</u>	<u>Shares (in thousands)</u>	<u>Amounts</u>	<u>Shares (in thousands)</u>	<u>Amounts</u>
Shares transferred to employees	6,857	\$ 1,077,510	6,857	1,077,510	6,857	1,077,510
Shares held by subsidiaries	12,438	28,975	12,438	28,975	12,438	28,975
	<u>19,295</u>	<u>\$ 1,106,485</u>	<u>19,295</u>	<u>1,106,485</u>	<u>19,295</u>	<u>1,106,485</u>

- 1) The Company purchased shares as treasury stock for the purpose of transferring to employees in accordance with the requirements under section 28(2) of the Securities and Exchange Act. The movements of treasury stock were as follow:

	<u>For the three months ended March 31</u>		<u>For the three months ended March 31</u>	
	<u>Shares (in thousands)</u>	<u>Amounts</u>	<u>Shares (in thousands)</u>	<u>Amounts</u>
Ending balance(beginning balance)	<u>6,857</u>	<u>\$ 1,077,510</u>	<u>6,857</u>	<u>1,077,510</u>

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and should not hold any shareholder rights before their transfer.

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
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- 2) Elan Investment Corp., a subsidiary of the Company, invested in Elantech before the Company acquired Elantech, and held the Company's stock after the Company's acquisition of Elantech. For the three months ended March 31, 2023 and 2022, the information on the Company's stock held by Elan Investment Corp. was as follows:

	For the three months ended March 31					
	2023			2022		
	Shares (in thousands)	Acquisition cost	Total market value	Shares (in thousands)	Acquisition cost	Total market value
Opening balance	12,438	\$ 28,975	1,069,685	12,438	28,975	2,114,494
Effects of valuation change	-	-	171,647	-	-	24,876
Ending balance	<u>12,438</u>	<u>\$ 28,975</u>	<u>1,241,332</u>	<u>12,438</u>	<u>28,975</u>	<u>2,139,370</u>

(v) Other equity

The movements of other equity were as follows:

	For the three months ended March 31, 2023		
	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1	\$ (4,706)	15,784	11,078
Exchange differences on foreign operations:			
The Group	(162)	-	(162)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Group	-	80,936	80,936
Balance at March 31	<u>\$ (4,868)</u>	<u>96,720</u>	<u>91,852</u>

	For the three months ended March 31, 2022		
	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1	\$ (6,923)	202,017	195,094
Exchange differences on foreign operations:			
The Group	1,518	-	1,518
Associates	11	-	11
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Group	-	(56,757)	(56,757)
Balance at March 31	<u>\$ (5,394)</u>	<u>145,260</u>	<u>139,866</u>

(q) Share-based payment

Except for the following disclosure, there were no significant changes in share-based payment for the nine months ended March 31, 2023 and 2022. For the related information, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2022.

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The Board of Directors' meeting on November 29, 2019, Chimei Motor Electronics decided to award 500,000 units of employee stock options, using the fair value method to estimate the remuneration cost, and using the Black-Scholes Model to estimate the fair value of the stock option on the date of grant. Each unit of stock option can be subscribed one thousand stocks of common stock and the exercise price is 20 dollars. Information on acquired conditions and various assumptions are listed below:

2019 employee stock options					
Prerequisites	Exercisable percentage	Expected volatility	Riskfree interest rate	Expected duration of stock options(years)	Weighted average fair value(dollars)
Period of one year	20%	40.64%	0.5834%	2.04	3.89
Period of two year	50%	39.80%	0.5505%	2.54	4.29
Period of three year	100%	40.28%	0.5433%	3.04	4.80

- (i) Chimei's employees had applied for 500,000 shares in December 2022, at a price of 20 dollars per share. The capital increase reference date for the new shares is yet to be decided by Chimei's board of directors.
 - (ii) The Group recognized share-based payment cost amounting to \$0 and \$296 thousand for the three months ended March 31, 2023 and 2022 recognized under operation expense.
- (r) Earnings per share

The Group's earnings per share for the three months ended March 31, 2023 and 2022 were calculated as follows:

- (i) Basic earnings per share:

	For the three months ended March 31	
	2023	2022
Net profit attributable to ordinary shareholders of the Company	\$ <u><u>306,486</u></u>	<u><u>798,287</u></u>
Weighted-average number of ordinary shares outstanding (in thousands)	<u><u>284,585</u></u>	<u><u>284,585</u></u>
Earnings per share (in dollars)	\$ <u><u>1.08</u></u>	<u><u>2.81</u></u>

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
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(ii) Diluted earnings per share:

	For the three months ended March 31	
	2023	2022
Net profit attributable to ordinary shareholders of the Company (diluted)	\$ 306,486	798,287
Weighted-average number of ordinary shares outstanding (in thousands)	284,585	284,585
Effect of dilutive potential ordinary shares (in thousands) — employee share bonus	2,582	4,811
Weighted-average number of ordinary shares outstanding (diluted)(in thousands)	\$ 287,167	289,396
Diluted earnings per share (in dollars)	\$ 1.07	2.76

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31	
	2023	2022
Taiwan	\$ 172,227	360,186
Mainland China	358,365	679,256
Hong Kong	1,830,895	3,007,106
America	1,565	7,029
Europe	13,798	9,217
Others	28,288	35,845
	\$ 2,405,138	4,098,639

For details on revenue, please refer to note 14.

(ii) Contract balances

For details on accounts receivable and allowance for impairment, please refer to note 6(c).

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
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(t) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended March 31	
	2023	2022
Interest income from bank deposits	\$ <u>4,943</u>	<u>5,535</u>

(ii) Other income

	For the three months ended March 31	
	2023	2022
Dividend income	\$ -	2,884
Government grants	5,695	-
Others	<u>2,662</u>	<u>2,080</u>
Total	\$ <u>8,357</u>	<u>4,964</u>

(iii) Other gains and losses

	For the three months ended March 31	
	2023	2022
Foreign exchange gains (losses)	\$ (14,276)	84,866
Lease modification gains	-	(157)
Gains (losses) on financial asset valuation at fair value through profit or loss	204,083	(187,253)
Loss of financial asset at fair value through profit or loss	(168,774)	-
Gains (Losses) on disposals of property, plant and equipment	(242)	-
Miscellaneous disbursements	<u>(18)</u>	<u>(7)</u>
Total	\$ <u>20,773</u>	<u>(102,551)</u>

(u) Employee compensation and directors' and supervisors' remuneration

According to the Company's Articles of Incorporation, once the Company has annual profit, it should appropriate no less than 10% of the profit as employee compensation and less than 2% as directors' and supervisors' remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

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For the three months ended March 31, 2023 and 2022, the remunerations to employees and directors were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employee remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

The estimated employee compensation and directors' and supervisors' remuneration were as follows:

	For the three months ended March 31	
	2023	2022
Employee compensation	51,903	124,075
Directors' and supervisors' remuneration	5,118	15,907
	<u>57,021</u>	<u>139,982</u>

For the years ended December 31, 2022 and 2021, the Company estimated its employee compensation amounting to \$334,000 thousand and \$728,000 thousand, and directors' and supervisors' remuneration amounting to \$41,000 thousand and \$93,000 thousand, respectively. The compensation and remuneration were all paid in cash. There were no differences between the distribution amounts of compensation and remuneration decided by the Board of Directors and the estimated amounts. Related information would be available at the Market Observation Post System website.

(v) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2022.

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The major customers of the Group are centralized in the high-tech computer industry. To minimize credit risk, the Group periodically evaluates the financial positions of clients and the possibility of collecting accounts receivables. Where necessary, the Group will require the customers to provide guarantees or collateral against their debts.

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Furthermore, the Group monitors and reviews the recoverable amount of the accounts receivables to ensure the uncollectible amount is recognized appropriately as impairment loss.

As of March 31, 2023 and 2022, 81% and 84%, respectively, of accounts receivables were due from the ten largest customers. Thus, credit risk was significantly concentrated.

3) Receivables and debt securities

For credit risk exposure in respect of notes and accounts receivable, please refer to note 6(c).

Other financial assets at amortized cost, including time deposits with maturities more than three months and other receivables, are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g). There was no loss allowance provision for the three months ended March 31, 2023 and 2022, respectively.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 months	2-5 years	Over 5 years
March 31, 2023							
Non-derivative financial liabilities							
Short-term borrowings	\$ 40,000	40,195	40,195	-	-	-	-
Notes and accounts payable	816,971	816,971	816,971	-	-	-	-
Other payables	710,874	710,874	710,874	-	-	-	-
Lease liabilities	730,079	936,645	16,440	20,861	26,929	54,781	817,634
Dividends payable	1,823,282	1,823,282	1,823,282	-	-	-	-
Redeemable preferred stock	40,000	40,200	40,200	-	-	-	-
Deposits received	49,911	49,911	-	-	-	-	49,911
	<u>\$ 4,211,117</u>	<u>4,418,078</u>	<u>3,447,962</u>	<u>20,861</u>	<u>26,929</u>	<u>54,781</u>	<u>867,545</u>
December 31, 2022							
Non derivative financial liabilities							
Short-term borrowing	\$ 80,000	80,492	60,485	20,007	-	-	-
Notes and accounts payable	721,448	721,448	721,448	-	-	-	-
Other payable	588,047	588,047	588,047	-	-	-	-
Lease liabilities	735,295	944,884	16,583	20,852	30,490	56,573	820,386
Redeemable preferred stock	40,000	40,350	300	40,050	-	-	-
Deposits received	65,212	65,212	-	-	-	-	65,212
	<u>\$ 2,230,002</u>	<u>2,440,433</u>	<u>1,386,863</u>	<u>80,909</u>	<u>30,490</u>	<u>56,573</u>	<u>885,598</u>

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 months</u>	<u>2-5 years</u>	<u>Over 5 years</u>
March 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings	\$ 80,000	80,790	30,485	50,305	-	-	-
Notes and accounts payable	1,956,128	1,956,128	1,956,128	-	-	-	-
Other payables	390,644	390,644	390,644	-	-	-	-
Lease liabilities	727,814	933,546	13,486	14,642	20,192	51,563	833,663
Long-term borrowings	24,495	25,425	988	2,233	6,910	15,294	-
Redeemable preferred stock	40,000	40,800	300	300	40,200	-	-
Deposits received	<u>67,349</u>	<u>67,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,349</u>
	<u>\$ 3,286,430</u>	<u>3,494,682</u>	<u>2,392,031</u>	<u>67,480</u>	<u>67,302</u>	<u>66,857</u>	<u>901,012</u>

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

(iii) **Currency risk**

1) **Exposure to foreign currency risk**

The Group's significant exposure to foreign currency risk was as follows:

	March 31, 2023				December 31, 2022			March 31, 2022		
	Foreign currency	Exchange rate	NTD		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets:										
Monetary item										
USD	\$	84,573	30.45	2,575,255	76,938	30.73	2,364,298	161,112	28.63	4,612,631
Financial liabilities:										
Monetary item										
USD		35,803	30.45	1,090,211	34,183	30.73	1,050,446	69,112	28.63	1,978,681

2) **Sensitivity analysis**

The Group's exposure to foreign currency risk arises from the retranslation of foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, and trade and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against the USD as of March 31, 2023 and 2022 would have increased (decreased) the net profit after tax by \$59,402 thousand and \$105,358 thousand for the three months ended March 31, 2023 and 2022, respectively, with all other variables remaining constant. The analysis is performed on the same basis in 2023 and 2022.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. The foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(14,276) thousand and \$84,866 thousand for the three months ended March 31, 2023 and 2022, respectively.

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(iv) Other market price risk

For the three months ended March 31, 2023 and 2022, the sensitivity analysis of the changes in the securities prices at the reporting date were performed on the same basis for profit or loss as illustrated below:

Prices of securities at the reporting date	For the three months ended March 31		For the three months ended March 31	
	2023		2022	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increase 5%	\$ 15,461	57,917	17,403	48,998
Decrease 5%	\$ (15,461)	(57,917)	(17,403)	(48,998)

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments which has no quoted market prices and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	March 31, 2023				
	Book value	Level 1	Level 2	Level 3	total
Financial assets at fair value through profit or loss (current and non-current)	\$ 2,108,152	775,850	-	1,332,302	2,108,152
Financial assets at fair value through other comprehensive income					
Stocks	386,528	-	372,645	13,883	386,528
Accounts receivable	631,247	-	-	-	-
Subtotal	1,017,775	-	372,645	13,883	386,528
Financial assets measured at amortized cost					
Cash and cash equivalents	2,823,690	-	-	-	-
Notes and accounts receivable	339,501	-	-	-	-
Other receivables	724,854	-	-	-	-
Financial assets measured at amortized cost (current and non-current)	166,750	-	-	-	-
Guarantee deposits (current and non-current)	72,399	-	-	-	-
Subtotal	4,127,194	-	-	-	-
Total	\$ 7,253,121	775,850	372,645	1,346,185	2,494,680

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March 31, 2023					
	Book value	Fair Value			total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 40,000	-	-	-	-
Notes and accounts payable	816,971	-	-	-	-
Other payables	710,874	-	-	-	-
Lease liabilities (current and non-current)	730,079	-	-	-	-
Dividends Payable	1,823,282	-	-	-	-
Redeemable preferred stock	40,000	-	-	-	-
Guarantee deposits received	49,911	-	-	-	-
Total	<u><u>\$ 4,211,117</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
December 31, 2022					
	Book value	Fair Value			total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss (current and non-current)	\$ 1,998,005	672,750	98,708	1,226,547	1,998,005
Financial assets at fair value through other comprehensive income					
Stocks	305,591	-	292,495	13,096	305,591
Accounts receivable	410,234	-	-	-	-
Subtotal	<u>715,825</u>	<u>-</u>	<u>292,495</u>	<u>13,096</u>	<u>305,591</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	2,663,688	-	-	-	-
Notes and accounts receivable	331,995	-	-	-	-
Other receivables	760,826	-	-	-	-
Financial assets measured at amortized cost (current and non-current)	273,790	-	-	-	-
Guarantee deposits (current and non-current)	73,148	-	-	-	-
Subtotal	<u>4,103,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><u>\$ 6,817,277</u></u>	<u><u>672,750</u></u>	<u><u>391,203</u></u>	<u><u>1,239,643</u></u>	<u><u>2,303,596</u></u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 80,000	-	-	-	-
Notes and accounts payable	721,448	-	-	-	-
Other payables	588,047	-	-	-	-
Lease liabilities (current and non-current)	735,295	-	-	-	-
Redeemable preferred stock	40,000	-	-	-	-
Guarantee deposits received	65,212	-	-	-	-
Total	<u><u>\$ 2,230,002</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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	March 31, 2022				
	Book value	Fair Value			total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss (current and non-current)	\$ 2,195,491	1,028,757	148,087	1,018,647	2,195,491
Financial assets at fair value through other comprehensive income					
Stocks	435,067	-	414,120	20,947	435,067
Accounts receivable	1,378,125	-	-	-	-
Subtotal	1,813,192	-	414,120	20,947	435,067
Financial assets measured at amortized cost					
Cash and cash equivalents	3,902,453	-	-	-	-
Notes and accounts receivable	611,898	-	-	-	-
Other receivables	1,072,217	-	-	-	-
Financial assets measured at amortized cost (current and non-current)	2,917,190	-	-	-	-
Guarantee deposits	180,079	-	-	-	-
Subtotal	8,683,837	-	-	-	-
Total	<u>\$ 12,692,520</u>	<u>1,028,757</u>	<u>562,207</u>	<u>1,039,594</u>	<u>2,630,558</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	80,000	-	-	-	-
Notes and accounts receivables	1,956,128	-	-	-	-
Other payables	390,644	-	-	-	-
Lease liabilities (current and non-current)	727,814	-	-	-	-
Long-term borrowings	24,495	-	-	-	-
Redeemable preferred stock	40,000	-	-	-	-
Guarantee deposits received	67,349	-	-	-	-
Total	<u>\$ 3,286,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

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

If the Group's financial instruments do not have an active market, their fair value classifications are determined to be equity instruments with no observable prices, and their fair values are estimated by comparing with competitors whose market prices are available. The main assumption used in this estimation is to calculate the product of the earnings before interest, tax, depreciation and amortization and the price to earnings ratio of listed companies on the stock market. This estimate is discounted by the fact that the equity is not readily available to be traded because there is no active market.

3) Transfers between Level 1 and Level 2

There were no transfers of financial instruments made between any level for the three months ended March 31, 2023 and 2022.

4) Reconciliation of Level 3 fair values

	Non derivative mandatorily measured at fair value through profit or loss (held-for-trading financial assets)	Financial assets at fair value through other comprehensive income	Total
Opening balance, January 1, 2023	\$ 1,226,547	13,096	1,239,643
Total gains and losses recognized:			
In profit or loss	100,984	-	100,984
In other comprehensive income	-	787	787
Purchased	4,771	-	4,771
Ending Balance, March 31, 2023	<u><u>\$ 1,332,302</u></u>	<u><u>13,883</u></u>	<u><u>1,346,185</u></u>
Opening balance, January 1, 2022	\$ 1,053,977	20,969	1,074,946
Total gains and losses recognized:			
In profit or loss	(45,948)	-	(45,948)
In other comprehensive income	-	(22)	(22)
Purchased	14,601	-	14,601
Disposal	(3,983)	-	(3,983)
Ending Balance, March 31, 2022	<u><u>\$ 1,018,647</u></u>	<u><u>20,947</u></u>	<u><u>1,039,594</u></u>

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For the three months ended March 31, 2023 and 2022, the total gains and losses that were included in “other gains and losses” and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	For the three months ended March 31	
	2023	2022
Total gains and losses recognized:		
In profit or loss, and presented in “other gains and losses”	\$ 100,984	(45,948)
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	\$ 787	(22)

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss – equity investments”.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss - equity investments without an active market	Market Comparison Method	<ul style="list-style-type: none"> · Price-to-book ratio (March 31, 2023, December 31, 2022 and March 31, 2022: 1.38 to 1.49, 1.09 to 1.31 and 1.42) · Liquidity discount (March 31, 2023, December 31, 2022 and March 31, 2022: 27.94% to 33.38%, 28.62% to 30% and 0%) · Enterprise-Value-to-Revenue Multiple (March 31, 2023, December 31, 2022 and March 31, 2022: 2.23, 1.85 and 0.00) 	<ul style="list-style-type: none"> · The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> · the price-to-book ratio were higher (lower); · the liquidity discount were lower (higher); · the enterprise-value-to-revenue multiple were higher (lower); or
Financial assets at fair value through profit or loss - equity investments without an active market	Net Asset Value Method	Net Asset Value	The estimated fair value would increase (decrease) if net asset value were higher (lower).

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- 6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions by the following percentages to reflect reasonably possible alternative assumptions would have the following effects:

		Increase or decrease	Profit or loss	
	Inputs		Favorable	Unfavorable
March 31, 2023				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Valuation multiples	10%	\$ 1,060	(1,060)
	Liquidity discount	10%	433	(433)
	Net Asset Value	10%	132,176	(132,176)
December 31, 2022				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Valuation multiples	10%	\$ 951	(951)
	Liquidity discount	10%	369	(369)
	Net Asset Value	10%	121,710	(121,710)
March 31, 2022				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Valuation multiples	10%	\$ 1,167	(1,167)
	Liquidity discount	10%	500	(500)
	Net Asset Value	10%	100,697	(100,697)

- (w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(x) of the consolidated financial statements for the year ended December 31, 2022.

- (x) Investing and financing activities not affecting the current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the three months ended March 31, 2023 and 2022, were as follows:

- (i) For right-of-use assets under leases, please refer to note 6(i).
- (ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes			March 31, 2023
			Foreign exchange movement	Interest expense	Others	
Short-term borrowings	\$ 80,000	(40,000)	-	-	-	40,000
Lease liabilities	735,295	(8,296)	54	3,026	-	730,079
Preferred stock liabilities	40,000	-	-	-	-	40,000
Guarantee deposits received	65,212	(15,301)	-	-	-	49,911
Total liabilities from financing activities	<u>\$ 920,507</u>	<u>(63,597)</u>	<u>54</u>	<u>3,026</u>	<u>-</u>	<u>859,990</u>

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	January 1, 2022	Cash flows	Non-cash changes			March 31, 2022
			Foreign exchange movement	Interest expense	Others	
Short-term borrowings	\$ 30,000	50,000	-	-	-	80,000
Long-term borrowings	-	(184)	-	-	24,679	24,495
Preferred stock liabilities	-	-	-	-	40,000	40,000
Lease liabilities	693,369	(7,879)	314	2,892	39,118	727,814
Guarantee deposits received	36,641	30,706	2	-	-	67,349
Total liabilities from financing activities	<u>\$ 760,010</u>	<u>72,643</u>	<u>316</u>	<u>2,892</u>	<u>103,797</u>	<u>939,658</u>

(7) Related-party transactions:

- (a) Names and relationships with related parties

The following are entities that have had transactions with related parties during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
All directors, supervisors, president and vice president of the Group's key management personnel	

- (b) Key management personnel compensation

	For the three months ended March 31	
	2023	2022
Short-term employee benefits	\$ 18,122	31,200
Post-employment benefits	170	131
	<u>\$ 18,292</u>	<u>31,331</u>

The short-term employee benefits include remuneration to employees and directors. Please refer to Note 6(u) for further details.

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledge assets	Pledged to secure	March 31, 2023	December 31, 2022	March 31, 2022
Current financial assets at amortized cost (Certificate Deposit)	Guarantee of the creditors of the purchase transactions	\$ -	92,190	85,890
Non-current financial assets at amortized cost (Certificate Deposit)	Use land guarantee for Hsinchu Science Park Bureau	7,400	7,400	7,200
		<u>\$ 7,400</u>	<u>99,590</u>	<u>93,090</u>

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(9) Commitments and contingencies:

- (a) The Group entered into performance guarantee agreements with financial institutions for the Group's obligation to pay for the goods purchased and the tax payable on bonded raw materials, commodities, fuel, and semi-finished products shipped outside the bond areas for domestic sales, demonstration, repair or testing. As of March 31, 2023, December 31 and March 31, 2022, the financial institutions had issued performance guarantees amounting to \$3,000 thousand, \$6,000 thousand, and \$6,000 thousand, respectively.
- (b) As of March 31, 2023, December 31 and March 31, 2022, the refundable notes payable for short-term borrowings amounted to \$3,075,000 thousand, \$3,015,000 thousand, and \$2,780,000 thousand, respectively.
- (c) As of March 31, 2023, December 31 and March 31, 2022, the refundable notes payable for lease amounted to \$600 thousand.
- (d) The Group signed capacity guarantee contracts with a supplier, stipulating the minimum quantity to be purchased by the Group. As of March 31, 2023, December 31 and March 31, 2022, the Group paid the security deposit of \$27,000 thousand, \$27,000 thousand, and \$136,452 thousand, respectively in accordance with the contract, which was recognized under 「other current assets」 and 「other non-current assets」.

In addition, the Group evaluated the refundable deposit paid in the capacity guarantee contracts in 2022, wherein a portion of it was written off and recognized as cost of goods sold due to having the probability of not being recovered.

- (e) Government grant

To implement the project "Elan Electronic Smart Supply Chain AI Application" under the guidance from the Ministry of Economic Affairs, the Group entered into a program contract with the Taiwan Small and Medium Enterprise Counseling Foundation in order to receive a grant amounting to \$9,000 thousand. The project runs between April 1, 2020 and March 31, 2022. The Group recognizes income based on the progress of the project. As of January 1 to December 31, 2022, the subsidy recognized, amounting to \$5,000 thousand respectively, was classified as other income. As of March 31, 2023, December 31, 2021 and March 31, 2022, the Group had entrusted financial institutions to guarantee that the Group would fulfill its obligations specified in the project contract. The financial institutions have issued performance guarantee amounting to \$0 thousand, \$0 thousand, and \$4,000 thousand respectively.

Based on the implementation of "Advanced AI Driver Assistance System (ADAS) and Smart Cockpit System Development Plan" by the Ministry of Economic Affairs, the Group entered into a project agreement with Taipei Computer Business Association and obtained the subsidy of \$91,730 thousand. According to the agreement, the Group will recognize the income based on the progress of the project, which runs between December 1, 2022 and May 31, 2025. As of March 31, 2023 and December 31, 2022, the subsidy of \$23,620 thousand, which had been received by the Group was recognized as "Other Current Liabilities". The financial institutions have issued performance guarantee amounting to 23,620 thousand.

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(f) Royalty fee

The Group signed a software authorization contract with a software company. The contract can be terminated anytime upon the request of either party. The contract period is from November 30, 2022 to November 30, 2025. According to the contract, an annual royalty of US\$400,000 is required to be paid to the software company.

(g) Litigation and actions

As of March 31, 2023, the pending litigation of the Group was as follows:

On May 11 and 13, 2021, the Group and its subsidiary Elan Microelectronics (Shenzhen) Co., Ltd. (hereinafter referred to as Elan Shenzhen) received litigation documents which indicated Goodix filed an appeal with Inner Mongolia Hohhot Intermediate People's Court against the Group and Elan Shenzhen for patent infringement, and requested for damage compensation amounting to CNY\$30.5 million. The Group had appointed a lawyer to make an objection against jurisdiction to the Court within the defense period, but the Court dismissed the action on July 22, 2021. The Group and Elan Shenzhen had appealed to the Supreme People's Court within the defense period. However, on January 28, 2022, the Supreme People's Court denied the appeal. The case was on trial in Hohhot Intermediate People's Court on July 8, 2022. The Court inquired and listened to the opinions of both sides based on the evidence provided by Goodix. The Group had been notified on March 23, 2023 that it had won the case.

(h) As of March 31, 2023, the total amount of the building contract signed by the Group was \$43,000 thousand and the payable amount in the following years will amount to \$19,054 thousand.

(i) The Group signed a project contract (including civil, mechanical and electrical engineering) with Leeming Construction Co., Ltd., a non related party, to build a factory and office building in the International AI Smart Park in Hsinchu County, at the total contract amount of \$5,858,000 thousand.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(Continued)

ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Others:

- (a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

	For the three months ended March 31					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries and wages	\$ 65,935	444,654	510,589	84,688	512,444	597,132
Labor and health insurance	6,859	28,863	35,722	7,233	27,255	34,488
Pension	2,447	19,532	21,979	2,301	18,015	20,316
Others	4,627	11,712	16,339	5,946	12,551	18,497
Depreciation	15,569	27,525	43,094	13,731	25,232	38,963
Amortization	2,965	50,896	53,861	1,474	34,931	36,405

- (b) Seasonality of operations

The gradual destocking of the market, the injection of urgent orders, and the sales of notebook touch panels, fingerprints and pointing devices, which account for a relatively high proportion of revenue, resulted in the Group's product sales in the first quarter of current year to surpass that of the fourth quarter of the previous year. Although the market demand has recovered slightly, IC design companies still accounted for the highest cost due to the high cost of wafer, whose processing cost has not made any obvious reduction. Consequently, the overall economic downturn and weak buying momentum in the consumer electronics market also pose challenges to the Group's operations.

(Continued)

ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The followings are the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2023:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held as of March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Elan Microelectronics Corporation	Stock:							
Elan Microelectronics Corporation	Harvatek Corporation	-	Current financial assets at fair value through profit or loss	244	\$ 6,313	0.12	\$ 6,313	
Elan InvestmentCorp.	Finemat Applied Materials Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	8,900	344,444	13.41	344,444	
Elan Investment Corp.	Elan Microelectronics Corporation	Subsidiary	Non-current financial assets at fair value through other comprehensive income	12,438	1,241,332	4.09	1,241,332	
Elan Microelectronics Corporation	ThroughTek Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,077	13,883	4.14	13,883	
Elan Microelectronics Corporation	Macroblock, Inc.	-	Non-current financial assets at fair value through other comprehensive income	3,500	372,645	7.87	372,645	
					<u>1,978,617</u>		<u>1,978,617</u>	
Elan Microelectronics Corporation	Certificates of beneficial interest:							
Elan Microelectronics Corporation	KGI Victory Money Market Fund	-	Current financial assets at fair value through profit or loss	7,658	90,282	-	90,282	
Elan Microelectronics Corporation	Diversified FX Trading Segregated Portfolio	-	Current financial assets at fair value through profit or loss	218	-	-	-	Note1
Elan Microelectronics Corporation	Vertex Growth (SG) LP	-	Non-current financial assets at fair value through other comprehensive income	-	225,636	-	225,636	
Elan Microelectronics Corporation	Vertex Growth II (SG) LP	-	Non-current financial assets at fair value through profit or loss	-	9,493	-	9,493	
Elan InvestmentCorp.	FSITC US Top 100 Bond Fund Acc TWD	-	Current financial assets at fair value through profit or loss	1,500	13,934	-	13,934	
Elan InvestmentCorp.	FSITC Global Wealthy Nations Bond Fund Acc TWD	-	Current financial assets at fair value through profit or loss	2,629	23,435	-	23,435	
Elan InvestmentCorp.	FSITC Global Video Gaming & eSports Fund	-	Current financial assets at fair value through profit or loss	500	5,255	-	5,255	
Elan InvestmentCorp.	FSITC Global Health & Weight Loss Fund	-	Current financial assets at fair value through profit or loss	500	4,615	-	4,615	
Elan InvestmentCorp.	FSITC Taiwan Core Strategic Construction Fund	-	Current financial assets at fair value through profit or loss	1,000	10,290	-	10,290	
Elan InvestmentCorp.	Nomura Global Short Duration Bond Fund TWD	-	Current financial assets at fair value through profit or loss	9,484	97,622	-	97,622	
Elan InvestmentCorp.	Nomura Global Financial Bond Fund Acc TWD	-	Current financial assets at fair value through profit or loss	3,589	34,896	-	34,896	

(Continued)

ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Elan InvestmentCorp.	Taishin Global Multi-asset Fund of Funds A TWD	-	Current financial assets at fair value through profit or loss	1,000	\$ 10,790	-	\$ 10,790	
Elan InvestmentCorp.	Taishin Global Disruptive Innovation Fund	-	Current financial assets at fair value through profit or loss	1,500	18,315	-	18,315	
Elan InvestmentCorp.	Taishin North American Income Trust Fund-A	-	Current financial assets at fair value through profit or loss	1,943	50,219	-	50,219	
Elan InvestmentCorp.	Taishin ESG Emerging Markets Bond Fund A TWD	-	Current financial assets at fair value through profit or loss	3,003	24,749	-	24,749	
Elan InvestmentCorp.	Taishin Short Duration Emerging High Yield Bond Fund A-TWD	-	Current financial assets at fair value through profit or loss	4,200	40,691	-	40,691	
Elan Microelectronics Corporation	Diversified FX Trading Segregated Portfolio	-	Current financial assets at fair value through profit or loss	589	-	-	-	Note1
					<u>660,222</u>		<u>660,222</u>	
Elan Microelectronics Corporation	Short-term commercial papers:							
Elan Microelectronics Corporation	Global Strategic FX Arbitrage Note	-	Current financial assets at fair value through profit or loss	195	-	-	-	Note1
Elan Microelectronics Corporation	Multi-Manager FX Trading Note (M2)	-	Current financial assets at fair value through profit or loss	44	-	-	-	Note1
Elan Microelectronics Corporation	Global Strategic FX Arbitrage Note (SERIES II)	-	Current financial assets at fair value through profit or loss	100	-	-	-	Note1
	Non-publicly traded stocks:							
Elan Microelectronics Corporation	Chino-Excel Technology Corporation	-	Non-current financial assets at fair value through other comprehensive income	823	-	1.48	-	
Elan Microelectronics Corporation	Panther technology Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	340	5,891	0.94	5,891	
Elan Microelectronics Corporation	XINCE Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	2,866	-	9.24	-	
Elan Microelectronics Corporation	TOP TAIWAN VI VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	168	1,215	2.17	1,215	
Elan Microelectronics Corporation	TOP TAIWAN VII VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	888	13,127	6.12	13,127	
Elan Microelectronics Corporation	TOP TAIWAN VIII VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	1,811	23,959	4.17	23,959	
Elan Microelectronics Corporation	Midastouch Research Corporation	-	Non-current financial assets at fair value through other comprehensive income	2,500	4,475	8.16	4,475	
Elan Microelectronics Corporation	TOP TAIWAN IX VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	3,500	76,422	6.25	76,422	
Elan Microelectronics Corporation	Inno Bridge Venture Capital	-	Non-current financial assets at fair value through other comprehensive income	800	2,406	11.35	2,406	

(Continued)

ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Elan Microelectronics Corporation	Startek Engineering Inc.	-	Non-current financial assets at fair value through other comprehensive income	189	\$ -	0.53	\$ -	
Elan Microelectronics Corporation	North Star Venture Capital	-	Non-current financial assets at fair value through other comprehensive income	3,000	28,173	10.00%	28,173	
Elan Microelectronics Corporation	TOP TAIWAN XI VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	4,063	78,384	6.25%	78,384	
Elan Microelectronics Corporation	Genius Vision Digital Inc.	-	Non-current financial assets at fair value through other comprehensive income	495	-	1.54%	-	
Elan Microelectronics Corporation	Lyra Semiconductor Incorporated	-	Non-current financial assets at fair value through other comprehensive income	1,440	-	5.87%	-	
Elan Microelectronics Corporation	TOP TAIWAN XII VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	25,000	304,498	18.52%	304,498	
Elan Microelectronics Corporation	Waltop International Corporation	-	Non-current financial assets at fair value through other comprehensive income	7	-	0.24%	-	
Elan Microelectronics Corporation	Taiwania Capital Buffalo Fund V, LP.	-	Non-current financial assets at fair value through profit or loss	-	47,874	3.19%	47,874	
Elan Microelectronics Corporation	TOP TAIWAN XIII VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through profit or loss	15,000	175,896	17.44%	175,896	
Elan Microelectronics Corporation	TOP TAIWAN XIV VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through profit or loss	29,000	290,853	13.30%	290,853	
Elan Microelectronics Corporation	Cruise 10 Co., Ltd	-	Non-current financial assets at fair value through profit or loss	625	4,080	5.26%	4,080	
Elan InvestmentCorp.	Panther Technology Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	1,396	24,174	3.88%	24,174	
Elan InvestmentCorp.	RISE Technology Com	-	Non-current financial assets at fair value through profit or loss	769	-	3.23%	-	
Elan InvestmentCorp.	Pica 8 - Preferred shares	-	Non-current financial assets at fair value through profit or loss	342	-	1.75%	-	
Elan InvestmentCorp.	Arplanet Digital Technology Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	128	1,298	2.70%	1,298	
Elan InvestmentCorp.	ZQAM Communications Corporation - Preferred shares	-	Non-current financial assets at fair value through profit or loss	250	865	1.07%	865	
Elan InvestmentCorp.	e-Formula Technologies, Inc.	-	Non-current financial assets at fair value through profit or loss	550	5,203	2.53%	5,203	
Elan InvestmentCorp.	ALGOLREALITY CO., LTD. - Preferred shares	-	Non-current financial assets at fair value through profit or loss	100	-	13.04%	-	
Elan InvestmentCorp.	Vita Genomics, Inc.	-	Non-current financial assets at fair value through profit or loss	677	6,918	1.13%	6,918	
Elan InvestmentCorp.	Cognito Health International Inc.	-	Non-current financial assets at fair value through profit or loss	1,010	-	1.13%	-	
Elan InvestmentCorp.	Taiwan Intelligent Connect Co., Ltd. - Preferred shares	-	Non-current financial assets at fair value through profit or loss	10,000	1,462	14.29%	1,462	
Elan InvestmentCorp.	Genius Vision Digital Inc.	-	Non-current financial assets at fair value through profit or loss	370	-	1.16%	-	
					<u>1,097,173</u>		<u>1,097,173</u>	

Note 1: In the first quarter of 2023, 168,774 thousand of financial asset impairment has been provided.

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Elan Microelectronics Corporation	Elan (H.K.)	Subsidiary	Sale	\$ 60,271	2.51 %	Open Account 45 Days	-		\$ 20,923	2.16%	

Note: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions:

Significant transactions and business relationship between the parent company and its subsidiaries exceeding 1% of total assets or operating revenue are as follows:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Elan Microelectronics Corporation	Elan (H.K.)	1	Operating revenue	\$ 60,271	Open Account 45 Days	2.51%
1	Elan (H.K.)	Elan Microelectronics Corporation	2	Commission revenue	\$ 47,953	Monthly settlement	1.99%

Note1: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

Note2: The way to fill in the serial number is as follows:

- (1) 0 represents the parent company.
- (2) Subsidiaries are numbered sequentially starting from the number 1 according to the company

Note3: The relationship with the trader is as follows:

- (1) parent company to subsidiary.
- (2) subsidiary to parent company

(b) Information on investees:

The followings are the information on investees for the three months ended March 31, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
Elan Microelectronics Corporation	Elan (H.K.) Microelectronics Corp. Limited	Hong Kong, China	Sale and after-sales service	\$ 123,272	\$ 123,272	29,328	100.00 %	\$ 327,922	\$ 11,354	\$ 11,354	Note 1
Elan Microelectronics Corporation	Elan Investment Corp.	Taipei, Taiwan	Investment holding	500,000	500,000	50,000	100.00 %	949,858	28,545	28,545	Note 1
Elan Microelectronics Corporation	Elan Information Technology Group	California, USA	Sale, after-sales service and provide new informational skills	22,822	22,822	65	100.00 %	14,465	(804)	(804)	Note
Elan Microelectronics Corporation	JUPU Electronic Co., Ltd.	New Taipei City, Taiwan	Wholesale and installation of electronic devices, data storage and equipment process	7,840	7,840	784	49.00 %	(4,064)	(1,669)	(818)	Note 1

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
Elan Microelectronics Corporation	Metanoia Communications Inc.	Hsin-Chu, Taiwan	Research, design, development, manufacture and sales of Discrete Multi-Tone (DMT) chip and client chip, PON to OLT and ONU chip and GHN chip, a new generation home network	\$ 665,865	\$ 665,865	47,363	46.89 %	\$ 180,411	\$ (81,437)	\$ (38,186)	Note 1
Elan Microelectronics Corporation	Avisonic Technology Corp.	Hsin-Chu, Taiwan	Research, design, develop, manufacture and sale on digital image-process chips	194,226	194,226	17,517	84.78 %	(9,797)	(8,115)	(7,116)	Note 1
Elan Microelectronics Corporation	Tong fu Investment Corp.	Hsin-Chu, Taiwan	Investment holding	26,070	26,070	3,000	46.73 %	-	-	-	Note 2
Elan Microelectronics Corporation	Lighting Device Technologies Corp.	Hsin-Chu, Taiwan	Research, design, develop, manufacture and sale on LED chips	11,712	11,712	1,805	45.07 %	-	-	-	Note 2
Elan Microelectronics Corporation	PIXORD Corporation	Hsin-Chu, Taiwan	Research, design, develop, manufacture and sale on Webcam and server	117,062	117,062	11,240	94.65 %	22,354	(7,817)	(7,399)	Note 1
Elan Microelectronics Corporation	EMINENT ELECTRONIC TECHNOLOGY CORP. LTD.	Hsin-Chu, Taiwan	Manufactures and sells electronic devices, computer and its related products, manufactures optical instruments	52,100	52,100	4,113	18.50 %	27,409	(17,083)	(3,160)	Note 1
Elan Microelectronics Corporation	TOP TAIWAN X VENTURE CAPITAL CO., LTD.	Taipei, Taiwan	Venture capital	210,000	210,000	21,000	30.00 %	271,224	111,057	33,317	
Elan Microelectronics Corporation	Uniband Electronic Corp.	Hsin-Chu, Taiwan	Manufactures and sells electronic devices	50,000	50,000	5,000	24.69 %	9,013	932	230	
Elan Microelectronics Corporation	Finger Pro. Incorporation	Hsin-Chu, Taiwan	Manufactures and sells electronic devices	6,000	6,000	600	23.08 %	-	-	-	Note 2
Elan Microelectronics Corporation	Chimei Motor Electronic CO., LTD.	Taipei, Taiwan	Image recognition, automotive electronic manufacturing and wholesaling business	228,650	228,650	9,250	31.36 %	215,956	(1,618)	(1,968)	Note 1
Elan Investment Corp.	Avisonic Technology Corp.	Hsin-Chu, Taiwan	Research, design, develop, manufacture and sale on digital image-process chips	6,463	6,463	646	3.13 %	(346)	(8,115)	(263)	Note 1
Elan Investment Corp.	RONG CHENG Technology	Hsin-Chu, Taiwan	Manufactures and sells electronic devices, computer and its related products, manufactures optical instruments	77,706	77,706	8,000	38.46 %	-	-	-	Note 2
Elan Investment Corp.	PIXORD Corporation	Hsin-Chu, Taiwan	Research, design, develop, manufacture and sale on Webcam and server	4,065	4,065	395	3.33 %	786	(7,817)	(260)	Note 1
Elan Investment Corp.	Metanoia Communications Inc.	Hsin-Chu, Taiwan	Research, design, development, manufacture and sales of Discrete Multi-Tone (DMT) chip and client chip, PON to OLT and ONU chip and GHN chip, a new generation home network	10,211	10,211	831	0.82 %	19,402	(81,437)	(668)	Note 1
Elan Investment Corp.	EMINENT ELECTRONIC TECHNOLOGY CORP. LTD.	Republic of Mauritius	Manufactures and sells electronic devices, computer and its related products, manufactures optical instruments	38,481	38,481	2,138	9.61 %	14,891	(17,083)	(1,642)	Note 1
Elan (H.K.)	Power Asia Investment Corporation	Republic of Mauritius	Investment holding	89,572	89,572	2,861	100.00 %	26,755	(1,385)	(1,385)	Note 1
Metanoia Communications Inc.	Metanoia Communication Europe	France	Provide technical support and information service	18,410	18,410	571	100.00 %	7,595	(1,579)	(1,579)	Note 1
Chimei Motor Electronic CO., LTD.	CHIMEI MOTOR ELECTRONICS (SAMOA) CO., LTD.	Somoa	Investment holding	37,145	37,145	1,250	100.00 %	12,690	(1,086)	(1,086)	Note 1

Note1: Investments in subsidiaries the Company has control over have been eliminated at the Group level from long-term investment.
Note2: The full amount has been included in impairment loss.

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(c) Information on investment in mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) recognized	Carrying value as of March 31, 2023	Accumulated inward remittance of earnings as of March 31, 2023
					Outflow	Inflow						
Elan Micro-electronics (Shanghai) Co., Ltd.	Provide technical support and information service	\$ 52,095	(2)	\$ 52,095	-	-	\$ 52,095	\$ (3,368)	100.00%	\$ (3,368)	\$ 15,959	-
Elan Micro-electronics (Shenzhen) Co., Ltd.	Provide technical support and information service	34,670	(2)	34,670	-	-	34,670	1,922	100.00%	1,992	10,316	-
Gianteye Technology (Shanghai) CO., LTD.	Development of advanced driver assistance systems and wholesale of automotive electronic products	37,145	(2)	37,145	-	-	37,145	(1,196)	100.00%	(1,196)	12,662	-

Note 1: Method of investment:

- (1) Direct investment in Mainland China
- (2) Indirect investment in Mainland China through a holding company established in other countries (Power Asia Investment Corporation)
- (3) Others

Note 2: The investment gains (losses) from Elan Shanghai and Elan Shenzhen are calculated on the reviewed financial statements in the same period.

Note 3: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

	Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Elan Microelectronics Corporation	\$ 86,765 (USD2,500,000)	\$ 98,333 (USD2,500,000)	\$ 4,472,205
Chimei Motor Electronic CO., LTD.	37,427 (USD1,250,000)	37,427 (USD1,250,000)	196,349

Note: The investment limit was calculated on the official document No. 09704604680 announced by the MOEAIC on August 29, 2008.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

No shareholders owned more than 5% equity interest in the Company.

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ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

The Group's operating segment information and reconciliation are as follows:

For the three months ended March 31, 2023								
	Consumer Touch Control Business Unit	Laptop Input Device Business Unit	Network Communication Business Unit	Investment Business Unit	Sales and Retailing Business Unit	Other Business Unit	Reconciliation and elimination	Total
Revenue								
Revenue from external customers	\$ 411,231	1,765,144	28,523	-	61,195	139,045	-	2,405,138
Intersegment revenues	63,067	-	-	-	47,953	5,475	(116,495)	-
Interest income	4,717	-	2	-	25	198	1	4,943
Total revenue	<u>\$ 479,015</u>	<u>1,765,144</u>	<u>28,525</u>	<u>-</u>	<u>109,173</u>	<u>144,718</u>	<u>(116,494)</u>	<u>2,410,081</u>
Reportable segment profit or loss	<u>\$ (242,352)</u>	<u>580,507</u>	<u>(83,017)</u>	<u>28,545</u>	<u>10,261</u>	<u>(37,105)</u>	<u>19,121</u>	<u>275,960</u>
Assets								
Investments accounted for using equity method	\$ 2,004,750	-	-	34,734	-	-	(1,759,247)	280,237
Capital expenditure	1,679,453	466,352	194,456	-	15,339	44,527	251,811	2,651,938
Reportable segment assets	<u>\$ 9,985,572</u>	<u>2,584,887</u>	<u>458,394</u>	<u>2,191,286</u>	<u>419,151</u>	<u>797,196</u>	<u>(2,859,631)</u>	<u>13,576,855</u>

For the three months ended March 31, 2022								
	Consumer Touch Control Business Unit	Laptop Input Device Business Unit	Network Communication Business Unit	Investment Business Unit	Sales and Retailing Business Unit	Other Business Unit	Reconciliation and elimination	Total
Revenue								
Revenue from external customers	\$ 967,674	2,857,909	30,476	-	112,157	130,423	-	4,098,639
Intersegment revenues	125,340	-	-	-	91,551	4,945	(221,836)	-
Interest income	5,495	-	-	1	7	32	-	5,535
Total revenue	<u>\$ 1,098,509</u>	<u>2,857,909</u>	<u>30,476</u>	<u>1</u>	<u>203,715</u>	<u>135,400</u>	<u>(221,836)</u>	<u>4,104,174</u>
Reportable segment profit or loss	<u>\$ (38,381)</u>	<u>1,067,436</u>	<u>(36,493)</u>	<u>(144,766)</u>	<u>54,277</u>	<u>(31,764)</u>	<u>143,045</u>	<u>1,013,354</u>
Assets:								
Investments accounted for using equity method	\$ 2,550,973	-	-	38,732	-	-	(2,246,165)	343,540
Capital expenditure	\$ 1,538,343	428,771	176,150	-	7,968	46,602	116,083	2,313,917
Reportable segment assets	<u>\$ 13,546,111</u>	<u>3,761,620</u>	<u>408,980</u>	<u>3,286,166</u>	<u>864,006</u>	<u>959,940</u>	<u>(4,570,711)</u>	<u>18,256,112</u>