

**ELAN MICROELECTRONICS CORPORATION  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Nine Months Ended September 30, 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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months ended September 30, 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 \$1,020,161 thousand and \$1,543,157 thousand, constituting 7.34% and 10.90% of the consolidated total assets; and the total liabilities amounting to \$207,155 thousand and \$620,961 thousand, constituting 3.89% and 12.25% of the consolidated total liabilities as of September 30, 2023 and 2022, respectively; as well as the total comprehensive loss amounting to \$(19,801) thousand, \$(76,232) thousand, \$(227,642) thousand and \$(189,943) thousand, constituting (2.78)%, (17.22)%, (15.55)% and (10.45)% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2023 and 2022, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of \$406,310 thousand and \$250,538 thousand as of September 30, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$(18,360) thousand, \$(29,913) thousand, \$(7,980) thousand and \$(46,886) thousand for the three months and nine months ended September 30, 2023 and 2022, 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flows for the nine months ended September 30, 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)  
November 2, 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)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES****Consolidated Balance Sheets****September 30, 2023, December 31, 2022, and September 30, 2022****(Expressed in Thousands of New Taiwan Dollars)**

|                            |   | <b>September 30, 2023</b>   |                   | <b>December 31, 2022</b> |                   | <b>September 30, 2022</b> |                   |      |   | <b>September 30, 2023</b>   |                   | <b>December 31, 2022</b> |                   | <b>September 30, 2022</b> |                   |
|----------------------------|---|-----------------------------|-------------------|--------------------------|-------------------|---------------------------|-------------------|------|---|-----------------------------|-------------------|--------------------------|-------------------|---------------------------|-------------------|
| <b>Assets</b>              |   | <b>Amount</b>               | <b>%</b>          | <b>Amount</b>            | <b>%</b>          | <b>Amount</b>             | <b>%</b>          |      |   | <b>Amount</b>               | <b>%</b>          | <b>Amount</b>            | <b>%</b>          | <b>Amount</b>             | <b>%</b>          |
| <b>Current assets:</b>     |   |                             |                   |                          |                   |                           |                   |      |   |                             |                   |                          |                   |                           |                   |
| 1100                       | Cash and cash equivalents (note 6(a))   | \$ 2,558,135                | 18                | 2,663,688                | 20                | 2,786,327                 | 20                | 2100 | Short-term borrowings (notes 6(l) and 9)                    | \$ 40,000                   | -                 | 80,000                   | 1                 | 80,000                    | 1                 |
| 1110                       | Current financial assets at fair value through profit or loss (notes 6(b) and 13)                 | 363,232                     | 3                 | 522,248                  | 4                 | 501,446                   | 4                 | 2170 | Accounts payable  | 1,291,052                   | 9                 | 721,448                  | 6                 | 1,266,044                 | 9                 |
| 1136                       | Current financial assets at amortised cost, net (notes 6(a) and 8)                                | 679,009                     | 5                 | 266,390                  | 2                 | 389,210                   | 3                 | 2206 | Employee bonus payable (note 6(v))                          | 567,078                     | 4                 | 375,000                  | 3                 | 913,346                   | 6                 |
| 1170                       | Notes and accounts receivable, net (note 6(c))  | 1,414,110                   | 10                | 719,408                  | 6                 | 1,236,048                 | 9                 | 2216 | Dividends payable (note 6(q))                               | 607,761                     | 5                 | -                        | -                 | -                         | -                 |
| 1200                       | Other receivables (note 6(c))   | 1,101,160                   | 8                 | 760,826                  | 6                 | 939,300                   | 7                 | 2230 | Current tax liabilities                                     | 98,145                      | 1                 | 309,291                  | 2                 | 361,208                   | 3                 |
| 1310                       | Inventories, net (note 6(d))  | 2,370,381                   | 17                | 3,730,924                | 28                | 3,646,855                 | 26                | 2280 | Current lease liabilities (note 6(n))                       | 29,330                      | -                 | 29,525                   | -                 | 29,736                    | -                 |
| 1410                       | Prepayments and other current assets (note 9)   | 47,125                      | -                 | 58,797                   | -                 | 79,320                    | 1                 | 2325 | Current preference share liabilities (note 6(m))            | -                           | -                 | 40,000                   | -                 | 40,000                    | -                 |
|                            |   | <u>8,533,152</u>            | <u>61</u>         | <u>8,722,281</u>         | <u>66</u>         | <u>9,578,506</u>          | <u>70</u>         | 2399 | Other current liabilities (note 9)                          | <u>1,191,941</u>            | <u>9</u>          | <u>1,063,518</u>         | <u>8</u>          | <u>1,216,995</u>          | <u>9</u>          |
|                            |   |                             |                   |                          |                   |                           |                   |      |   | <u>3,825,307</u>            | <u>28</u>         | <u>2,618,782</u>         | <u>20</u>         | <u>3,907,329</u>          | <u>28</u>         |
| <b>Non-current assets:</b> |   |                             |                   |                          |                   |                           |                   |      |   |                             |                   |                          |                   |                           |                   |
| 1510                       | Non-current financial assets at fair value through profit or loss (notes 6(b) and 13)             | 1,555,953                   | 11                | 1,475,757                | 11                | 1,484,620                 | 9                 | 2540 | Long-term borrowings (note 6(l))                            | 468,640                     | 3                 | -                        | -                 | -                         | -                 |
| 1517                       | Non-current financial assets at fair value through other comprehensive income (notes 6(e) and 13) | 315,866                     | 2                 | 305,591                  | 3                 | 284,373                   | 2                 | 2570 | Deferred tax liabilities                                    | 3,365                       | -                 | 3,365                    | -                 | 1,067                     | -                 |
| 1536                       | Non-current financial assets at amortized cost (notes 6(a) and 8)                                 | 7,400                       | -                 | 7,400                    | -                 | 7,400                     | -                 | 2580 | Non-current lease liabilities (note 6(n))                   | 696,123                     | 5                 | 705,770                  | 5                 | 715,729                   | 5                 |
| 1551                       | Investments accounted for using equity method (note 6(f))   | 406,310                     | 3                 | 246,691                  | 2                 | 250,538                   | 2                 | 2640 | Net defined benefit liability, non-current                  | 286,271                     | 2                 | 309,479                  | 2                 | 384,719                   | 3                 |
| 1600                       | Property, plant and equipment (note 6(i))   | 1,491,631                   | 11                | 990,675                  | 7                 | 994,856                   | 7                 | 2645 | Guarantee deposits received                                 | <u>48,797</u>               | <u>-</u>          | <u>65,212</u>            | <u>-</u>          | <u>59,311</u>             | <u>-</u>          |
| 1755                       | Right-of-use assets (note 6(j))   | 835,507                     | 6                 | 860,010                  | 6                 | 871,801                   | 6                 |      |   | <u>1,503,196</u>            | <u>10</u>         | <u>1,083,826</u>         | <u>7</u>          | <u>1,160,826</u>          | <u>8</u>          |
| 1780                       | Intangible assets (notes 6(g) and (k))  | 633,802                     | 5                 | 604,707                  | 5                 | 478,389                   | 3                 |      | <b>Total liabilities</b>                                    | <u>5,328,503</u>            | <u>38</u>         | <u>3,702,608</u>         | <u>27</u>         | <u>5,068,155</u>          | <u>36</u>         |
| 1840                       | Deferred tax assets   | 45,688                      | -                 | 45,688                   | -                 | 39,994                    | -                 |      | <b>Equity attributable to owners of parent: (note 6(q))</b> |                             |                   |                          |                   |                           |                   |
| 1900                       | Other non-current assets (note 9)   | <u>65,390</u>               | <u>1</u>          | <u>66,030</u>            | <u>-</u>          | <u>169,580</u>            | <u>1</u>          | 3100 | Capital stock   | <u>3,038,804</u>            | <u>22</u>         | <u>3,038,804</u>         | <u>23</u>         | <u>3,038,804</u>          | <u>21</u>         |
|                            |   | 5,357,547                   | 39                | 4,602,549                | 34                | 4,581,551                 | 30                | 3200 | Capital surplus   | <u>911,429</u>              | <u>7</u>          | <u>838,428</u>           | <u>7</u>          | <u>803,208</u>            | <u>6</u>          |
|                            |   |                             |                   |                          |                   |                           |                   |      | Retained earnings:  |                             |                   |                          |                   |                           |                   |
|                            |   |                             |                   |                          |                   |                           |                   | 3310 | Legal reserve   | 2,902,314                   | 21                | 2,679,726                | 20                | 2,679,725                 | 19                |
|                            |   |                             |                   |                          |                   |                           |                   | 3350 | Undistributed earnings                                      | <u>2,341,502</u>            | <u>17</u>         | <u>3,428,146</u>         | <u>26</u>         | <u>3,306,323</u>          | <u>23</u>         |
|                            |   |                             |                   |                          |                   |                           |                   |      |   | <u>5,243,816</u>            | <u>38</u>         | <u>6,107,872</u>         | <u>46</u>         | <u>5,986,048</u>          | <u>42</u>         |
|                            |   |                             |                   |                          |                   |                           |                   | 3400 | Other equity  | <u>21,790</u>               | <u>-</u>          | <u>11,078</u>            | <u>-</u>          | <u>(9,357)</u>            | <u>-</u>          |
|                            |   |                             |                   |                          |                   |                           |                   | 3500 | Treasury shares   | <u>(1,106,485)</u>          | <u>(8)</u>        | <u>(1,106,485)</u>       | <u>(8)</u>        | <u>(1,106,485)</u>        | <u>(8)</u>        |
|                            |   |                             |                   |                          |                   |                           |                   |      | <b>Total equity attributable to owners of parent:</b>       | 8,109,354                   | 59                | 8,889,697                | 68                | 8,712,218                 | 61                |
|                            |   |                             |                   |                          |                   |                           |                   | 36XX | Non-controlling interests                                   | <u>452,842</u>              | <u>3</u>          | <u>732,525</u>           | <u>5</u>          | <u>379,684</u>            | <u>3</u>          |
|                            |   |                             |                   |                          |                   |                           |                   |      | <b>Total equity</b>   | <u>8,562,196</u>            | <u>62</u>         | <u>9,622,222</u>         | <u>73</u>         | <u>9,091,902</u>          | <u>64</u>         |
| <b>Total assets</b>        |   | <u><u>\$ 13,890,699</u></u> | <u><u>100</u></u> | <u><u>13,324,830</u></u> | <u><u>100</u></u> | <u><u>14,160,057</u></u>  | <u><u>100</u></u> |      | <b>Total liabilities and equity</b>                         | <u><u>\$ 13,890,699</u></u> | <u><u>100</u></u> | <u><u>13,324,830</u></u> | <u><u>100</u></u> | <u><u>14,160,057</u></u>  | <u><u>100</u></u> |

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES****Consolidated Statements of Comprehensive Income****For the three months and nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)**

|      |  | For the three months ended<br>September 30 |            |                  |            | For the nine months ended<br>September 30 |            |                  |            |
|------|--|--|------------|------------------|------------|---|------------|------------------|------------|
|      |  | 2023                                       |            | 2022             |            | 2023                                      |            | 2022             |            |
|      |  | Amount                                     | %          | Amount           | %          | Amount                                    | %          | Amount           | %          |
| 4000 | <b>Total operating revenue</b> (notes 6(t) and 14)   | \$ 3,501,909                               | 100        | 2,819,194        | 100        | 8,948,469                                 | 100        | 11,066,381       | 100        |
| 5000 | <b>Total operating costs</b> (notes 6(d), (o) and 12)  | <u>1,850,791</u>                           | <u>53</u>  | <u>1,507,792</u> | <u>53</u>  | <u>4,975,365</u>                          | <u>55</u>  | <u>5,845,686</u> | <u>53</u>  |
| 5900 | <b>Gross profit from operations</b>  | 1,651,118                                  | 47         | 1,311,402        | 47         | 3,973,104                                 | 45         | 5,220,695        | 47         |
| 5920 | Add: (Unrealized)realized profit from sales  | <u>330</u>                                 | <u>-</u>   | <u>-</u>         | <u>-</u>   | <u>1,008</u>                              | <u>-</u>   | <u>-</u>         | <u>-</u>   |
| 5950 | <b>Gross profits</b>   | <u>1,651,448</u>                           | <u>47</u>  | <u>1,311,402</u> | <u>47</u>  | <u>3,974,112</u>                          | <u>45</u>  | <u>5,220,695</u> | <u>47</u>  |
| 6000 | <b>Operating expenses:</b> (notes 6(c), (o), (r) and 12)   |  |            |                  |            |   |            |                  |            |
| 6100 | Selling expenses   | 58,634                                     | 2          | 148,648          | 5          | 283,533                                   | 3          | 446,213          | 4          |
| 6200 | Administrative expenses  | 125,735                                    | 3          | 118,861          | 4          | 366,557                                   | 4          | 358,171          | 4          |
| 6300 | Research and development expenses  | 531,008                                    | 15         | 517,412          | 18         | 1,610,162                                 | 18         | 1,646,474        | 15         |
| 6450 | Impairment gains determined in accordance with IFRS 9  | <u>1,176</u>                               | <u>-</u>   | <u>(6,158)</u>   | <u>-</u>   | <u>5,667</u>                              | <u>-</u>   | <u>4,551</u>     | <u>-</u>   |
|      |  | <u>716,553</u>                             | <u>20</u>  | <u>778,763</u>   | <u>27</u>  | <u>2,265,919</u>                          | <u>25</u>  | <u>2,455,409</u> | <u>23</u>  |
| 6900 | <b>Net Operating income</b>  | <u>934,895</u>                             | <u>27</u>  | <u>532,639</u>   | <u>20</u>  | <u>1,708,193</u>                          | <u>20</u>  | <u>2,765,286</u> | <u>24</u>  |
| 7000 | <b>Non-operating income and expenses:</b>  |  |            |                  |            |   |            |                  |            |
| 7100 | Interest income (note 6(u))  | 8,590                                      | -          | 4,923            | -          | 25,470                                    | -          | 18,825           | -          |
| 7010 | Other income (note 6(u))   | 23,152                                     | 1          | 41,914           | 1          | 63,247                                    | 1          | 113,592          | 1          |
| 7020 | Other gains and losses (notes 6(h) and 6(u))   | 14,008                                     | -          | 77,488           | 3          | 34,409                                    | -          | (136,205)        | (1)        |
| 7050 | Finance costs (notes 6(m) and (n))   | (2,699)                                    | -          | (3,628)          | -          | (10,219)                                  | -          | (10,177)         | -          |
| 7770 | Shares of gain of associates accounted for using equity method (note 6(f))   | <u>(18,360)</u>                            | <u>(1)</u> | <u>(29,913)</u>  | <u>(1)</u> | <u>(7,980)</u>                            | <u>-</u>   | <u>(46,886)</u>  | <u>-</u>   |
|      |  | <u>24,691</u>                              | <u>-</u>   | <u>90,784</u>    | <u>3</u>   | <u>104,927</u>                            | <u>1</u>   | <u>(60,851)</u>  | <u>-</u>   |
| 7900 | <b>Profit before income tax</b>  | 959,586                                    | 27         | 623,423          | 23         | 1,813,120                                 | 21         | 2,704,435        | 24         |
| 8110 | Less: Income tax expenses (note 6(p))  | <u>200,630</u>                             | <u>6</u>   | <u>134,981</u>   | <u>5</u>   | <u>359,688</u>                            | <u>4</u>   | <u>682,335</u>   | <u>6</u>   |
|      | <b>Net profit</b>  | <u>758,956</u>                             | <u>21</u>  | <u>488,442</u>   | <u>18</u>  | <u>1,453,432</u>                          | <u>17</u>  | <u>2,022,100</u> | <u>18</u>  |
| 8300 | <b>Other comprehensive income (loss):</b> (notes 6(f) and (q))   |  |            |                  |            |   |            |                  |            |
| 8310 | <b>Items that may not be reclassified subsequently to profit or loss:</b>  |  |            |                  |            |   |            |                  |            |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income   | (50,080)                                   | (1)        | (47,078)         | (2)        | 10,274                                    | -          | (207,451)        | (2)        |
| 8349 | Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss   | <u>-</u>                                   | <u>-</u>   | <u>-</u>         | <u>-</u>   | <u>-</u>                                  | <u>-</u>   | <u>-</u>         | <u>-</u>   |
|      | Components of other comprehensive income that will not be reclassified to profit or loss   | <u>(50,080)</u>                            | <u>(1)</u> | <u>(47,078)</u>  | <u>(2)</u> | <u>10,274</u>                             | <u>-</u>   | <u>(207,451)</u> | <u>(2)</u> |
| 8360 | <b>Items that may be reclassified subsequently to profit or loss:</b>  |  |            |                  |            |   |            |                  |            |
| 8361 | Exchange differences on translation of foreign financial statements  | 2,342                                      | -          | 1,411            | -          | 520                                       | -          | 3,093            | -          |
| 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 | (201)                                      | -          | -                | -          | (99)                                      | -          | 11               | -          |
| 8399 | Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss   | <u>-</u>                                   | <u>-</u>   | <u>-</u>         | <u>-</u>   | <u>-</u>                                  | <u>-</u>   | <u>-</u>         | <u>-</u>   |
|      | Components of other comprehensive income that will be reclassified to profit or loss   | <u>2,141</u>                               | <u>-</u>   | <u>1,411</u>     | <u>-</u>   | <u>421</u>                                | <u>-</u>   | <u>3,104</u>     | <u>-</u>   |
| 8300 | <b>Other comprehensive income (loss), net</b>  | <u>(47,939)</u>                            | <u>(1)</u> | <u>(45,667)</u>  | <u>(2)</u> | <u>10,695</u>                             | <u>-</u>   | <u>(204,347)</u> | <u>(2)</u> |
| 8500 | <b>Comprehensive income</b>  | <u>\$ 711,017</u>                          | <u>20</u>  | <u>442,775</u>   | <u>16</u>  | <u>1,464,127</u>                          | <u>17</u>  | <u>1,817,753</u> | <u>16</u>  |
|      | <b>Net profit (loss) attributable to:</b>  |  |            |                  |            |   |            |                  |            |
| 8610 | Owners of parent   | \$ 765,690                                 | 21         | 521,766          | 19         | 1,566,986                                 | 18         | 2,104,053        | 19         |
| 8620 | Non-controlling interests  | <u>(6,734)</u>                             | <u>-</u>   | <u>(33,324)</u>  | <u>(1)</u> | <u>(113,554)</u>                          | <u>(1)</u> | <u>(81,953)</u>  | <u>(1)</u> |
|      |  | <u>\$ 758,956</u>                          | <u>21</u>  | <u>488,442</u>   | <u>18</u>  | <u>1,453,432</u>                          | <u>17</u>  | <u>2,022,100</u> | <u>18</u>  |
|      | <b>Comprehensive income (loss) attributable to:</b>  |  |            |                  |            |   |            |                  |            |
| 8710 | Owners of the parent   | \$ 717,003                                 | 20         | 476,006          | 17         | 1,577,698                                 | 18         | 1,899,602        | 17         |
| 8720 | Non-controlling interests  | <u>(5,986)</u>                             | <u>-</u>   | <u>(33,231)</u>  | <u>(1)</u> | <u>(113,571)</u>                          | <u>(1)</u> | <u>(81,849)</u>  | <u>(1)</u> |
|      |  | <u>\$ 711,017</u>                          | <u>20</u>  | <u>442,775</u>   | <u>16</u>  | <u>1,464,127</u>                          | <u>17</u>  | <u>1,817,753</u> | <u>16</u>  |
|      | <b>Earnings per share (expressed in dollars)</b> (note 6(s))   |  |            |                  |            |   |            |                  |            |
| 9710 | Basic earnings per share   | <u>\$ 2.69</u>                             |            | <u>1.83</u>      |            | <u>5.51</u>                               |            | <u>7.39</u>      |            |
| 9850 | Diluted earnings per share   | <u>\$ 2.67</u>                             |            | <u>1.81</u>      |            | <u>5.45</u>                               |            | <u>7.27</u>      |            |

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES****Consolidated Statements of Changes in Equity****For the nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

|  | Equity attributable to owners of parent |                 |                   |                                  |   |   |                    |   |                           |                  |
|--|---|-----------------|-------------------|----------------------------------|---|---|--------------------|---|---------------------------|------------------|
|  | Ordinary shares                         | Capital surplus | Retained earnings |                                  | Other equity  |   | Treasury shares    | Total equity attributable to owners of parent | Non-controlling interests | Total equity     |
|  |   |                 | 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 |                    |   |                           |                  |
| <b>Balance at January 1, 2022</b>  | \$ 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 (loss)  | -                                       | -               | -                 | 2,104,053                        | -   | -   | -                  | 2,104,053                                     | (81,953)                  | 2,022,100        |
| Other comprehensive income   | -                                       | -               | -                 | -                                | 3,000   | (207,451)   | -                  | (204,451)                                     | 104                       | (204,347)        |
| Total comprehensive income   | -                                       | -               | -                 | 2,104,053                        | 3,000   | (207,451)   | -                  | 1,899,602                                     | (81,849)                  | 1,817,753        |
| Appropriation and distribution of retained earnings:                                 |   |                 |                   |                                  |   |   |                    |   |                           |                  |
| Legal reserve appropriated   | -                                       | -               | 520,149           | (520,149)                        | -   | -   | -                  | -   | -                         | -                |
| Cash dividends of ordinary share   | -                                       | -               | -                 | (4,102,385)                      | -   | -   | -                  | (4,102,385)                                   | -                         | (4,102,385)      |
| Adjustments of capital surplus for company's cash dividends received by subsidiaries | -                                       | 171,792         | -                 | -                                | -   | -   | -                  | 171,792                                       | -                         | 171,792          |
| Issuance of shares for non-controlling interests                                     | -                                       | -               | -                 | -                                | -   | -   | -                  | -   | 5,895                     | 5,895            |
| Changes in non-controlling interests   | -                                       | 235             | -                 | -                                | -   | -   | -                  | 235   | 224,744                   | 224,979          |
| <b>Balance at September 30, 2022</b>   | <b>\$ 3,038,804</b>                     | <b>803,208</b>  | <b>2,679,725</b>  | <b>3,306,323</b>                 | <b>(3,923)</b>  | <b>(5,434)</b>  | <b>(1,106,485)</b> | <b>8,712,218</b>                              | <b>379,684</b>            | <b>9,091,902</b> |
| <b>Balance at January 1, 2023</b>  | \$ 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 (loss)  | -                                       | -               | -                 | 1,566,986                        | -   | -   | -                  | 1,566,986                                     | (113,554)                 | 1,453,432        |
| Other comprehensive income   | -                                       | -               | -                 | -                                | 438   | 10,274  | -                  | 10,712  | (17)                      | 10,695           |
| Total comprehensive income   | -                                       | -               | -                 | 1,566,986                        | 438   | 10,274  | -                  | 1,577,698                                     | (113,571)                 | 1,464,127        |
| Appropriation and distribution of retained earnings:                                 |   |                 |                   |                                  |   |   |                    |   |                           |                  |
| Legal reserve appropriated   | -                                       | -               | 222,588           | (222,588)                        | -   | -   | -                  | -   | -                         | -                |
| Cash dividends of ordinary share   | -                                       | -               | -                 | (2,431,042)                      | -   | -   | -                  | (2,431,042)                                   | -                         | (2,431,042)      |
| Adjustments of capital surplus for company's cash dividends received by subsidiaries | -                                       | 76,352          | -                 | -                                | -   | -   | -                  | 76,352  | -                         | 76,352           |
| Issuance of shares for non-controlling interests                                     | -                                       | -               | -                 | -                                | -   | -   | -                  | -   | 10,189                    | 10,189           |
| Changes in non-controlling interests   | -                                       | (3,351)         | -                 | -                                | -   | -   | -                  | (3,351)                                       | (176,301)                 | (179,652)        |
| <b>Balance at September 30, 2023</b>   | <b>\$ 3,038,804</b>                     | <b>911,429</b>  | <b>2,902,314</b>  | <b>2,341,502</b>                 | <b>(4,268)</b>  | <b>26,058</b>   | <b>(1,106,485)</b> | <b>8,109,354</b>                              | <b>452,842</b>            | <b>8,562,196</b> |

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

|  | <b>For the nine months ended<br/>September 30</b> |                         |
|--|---|-------------------------|
|  | <b>2023</b>                                       | <b>2022</b>             |
| <b>Cash flows from operating activities:</b>   |   |                         |
| <b>Profit before tax</b>   | \$ 1,813,120                                      | 2,704,435               |
| <b>Adjustments:</b>  |   |                         |
| <b>Adjustments to reconcile profit:</b>  |   |                         |
| Depreciation expense   | 124,984   | 123,227                 |
| Amortization expense   | 156,931   | 116,134                 |
| Expected credit loss   | 5,667   | 4,551                   |
| Net loss on financial assets at fair value through profit or loss  | 45,664  | 397,852                 |
| Interest expense   | 10,219  | 10,177                  |
| Interest income  | (25,470)  | (18,825)                |
| Dividend income  | (34,475)  | (90,102)                |
| Share-based payment transactions   | -   | 1,237                   |
| Share of loss of associates accounted for using equity method  | 7,980   | 46,886                  |
| Gain on disposal of property, plant and equipment  | (847)   | (8)                     |
| Loss on disposal of investments  | 1,650   | -                       |
| Impairment loss and disposal loss on inventory   | 133,282   | 117,092                 |
| Others   | -   | (161)                   |
| <b>Total adjustments to reconcile profit</b>   | <u>425,585</u>                                    | <u>708,060</u>          |
| <b>Changes in operating assets and liabilities:</b>  |   |                         |
| (Increase) decrease in notes and accounts receivable   | (719,060)   | 581,943                 |
| Decrease (increase) in inventories   | 1,176,818   | (1,313,183)             |
| Increase in prepayments and other current assets   | (16,429)  | (31,083)                |
| (Increase) decrease in other receivables   | (383,661)   | 228,110                 |
| Increase (decrease) in notes and accounts payable  | 597,512   | (461,884)               |
| Increase in other current liabilities  | 379,667   | 38,868                  |
| Decrease in net defined benefit liability  | (21,552)  | (12,274)                |
| Cash inflow generated from operations  | <u>3,252,000</u>                                  | <u>2,442,992</u>        |
| Interest received  | 23,348  | 18,861                  |
| Interest paid  | (20,670)  | (18,716)                |
| Income taxes paid  | <u>(544,833)</u>                                  | <u>(1,341,591)</u>      |
| <b>Net cash flows from operating activities</b>  | <u>2,709,845</u>                                  | <u>1,101,546</u>        |
| <b>Cash flows from (used in) investing activities:</b>   |   |                         |
| Acquisition of current financial assets at fair value through profit or loss                             | (90,066)  | (25,599)                |
| Proceeds from disposal of current financial assets at fair value through profit or loss                  | 97,035  | 285,256                 |
| Acquisition of non-current financial assets at fair value through profit or loss                         | (7,871)   | (328,706)               |
| Proceeds from capital reduction and liquidation of financial assets at fair value through profit or loss | 34,058  | 40,648                  |
| (Increase) decrease in financial assets at amortized cost  | (412,619)   | 1,336,040               |
| Net cash flow from acquisition of subsidiaries   | -   | 53,108                  |
| Decrease in cash from lossing control over subsidiaries  | (102,385)   | -                       |
| Proceeds from capital reduction of investments accounted for using equity method                         | 10,500  | 30,000                  |
| Acquisition of property, plant and equipment   | (648,021)   | (122,650)               |
| Proceeds from disposal of property, plant and equipment  | 1,169   | 27                      |
| Acquisition of intangible assets   | (346,700)   | (66,507)                |
| Decrease (increase) in refundable deposits   | (4,338)   | 6,720                   |
| Decrease in other non-current assets   | 2,826   | 874                     |
| Dividends received   | <u>34,437</u>                                     | <u>110,502</u>          |
| <b>Net cash flows (used in) from investing activities</b>  | <u>(1,431,975)</u>                                | <u>1,319,713</u>        |
| <b>Cash flows from (used in) financing activities:</b>   |   |                         |
| Increase in short-term borrowings  | 10,000  | 60,000                  |
| Decrease in short-term borrowings  | (50,000)  | (10,000)                |
| Increase in long-term borrowings   | 468,640   | -                       |
| Repayments of long-term debt   | -   | (24,679)                |
| Repayments of preference share liabilities   | (40,000)  | -                       |
| (Decrease) increase in guarantee deposits received   | (16,415)  | 22,668                  |
| Payment of lease liabilities   | (20,036)  | (15,780)                |
| Cash dividends paid  | (1,746,930)                                       | (3,930,593)             |
| Changes in non-controlling interests   | <u>10,189</u>                                     | <u>5,895</u>            |
| <b>Net cash flows used in financing activities</b>   | <u>(1,384,552)</u>                                | <u>(3,892,489)</u>      |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                                      | <u>1,129</u>                                      | <u>3,050</u>            |
| <b>Net decrease in cash and cash equivalents</b>   | <u>(105,553)</u>                                  | <u>(1,468,180)</u>      |
| <b>Cash and cash equivalents at the beginning of period</b>  | <u>2,663,688</u>                                  | <u>4,254,507</u>        |
| <b>Cash and cash equivalents at the end of period</b>  | <u><u>\$ 2,558,135</u></u>                        | <u><u>2,786,327</u></u> |

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

## **ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

**September 30, 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 November 2, 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”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

(Continued)

## ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

#### **(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.

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.

(Continued)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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.

(Continued)

**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     |
|---------------------------------------|---|---|--------------------|-------------------|--------------------|----------|
|                                       |   |   | September 30, 2023 | December 31, 2022 | September 30, 2022 |          |
| The Company                           | Elan Investment Corp.                                       | Investment holding  | 100.00 %           | 100.00 %          | 100.00 %           | -        |
| The Company and Elan Investment Corp. | Metanoia Communications Inc. (Metanoia)                     | 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 %           | 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  | 89.79 %            | 87.91 %           | 87.91 %            | note 1,7 |
| 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  | 98.49 %            | 97.98 %           | 97.98 %            | 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 %           | 28.11 %            | 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 %           | -        |
| Metanoia                              | 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   | 30.83 %            | 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   |
| 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   |

(Continued)

## ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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. However, the Company only obtained 2 out of 5 Board seats following a reshuffle of Metanoia's Board of Directors on June 15, 2023. Since the Company cannot obtain more than half of the total number of directors' seats, it loses control over Metanoia's consolidated entities since then, and Metanoia and its subsidiaries, Metanoia EU, are no longer included in the consolidated financial statements since June 30, 2023. The Company has changed its consolidated financial statements to the "investments accounted for using the equity method" for the purpose of accounting treatment. Please refer to Note 6 (6) for details, and for the loss of control over subsidiaries, please refer to Note 6 (8).

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. On July 21, 2023, the Group's shareholding percentage was decreased to 30.83% after participating in the capital increase of Chimei.

Note 6: On September 5, 2023, the Group's shareholding percentage was increased to 98.49% after participating in the capital increase of PiXORD.

Note 7: On September 4, 2023, the Group's shareholding percentage was increased to 89.79% after participating in the capital increase of Avisonic.

#### (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.

The judgment of whether the investee company has substantial control involves significant judgments on accounting policies and has a significant impact on the amount recognized in this consolidated financial statement, the information is as follows:

The Group holds 47.71% of the voting shares of Metanoia Communications Inc. (Metanoia) , making it the single largest shareholder, 36.89% of Metanoia Communications Inc. is concentrated in specific shareholders, and the remaining 15.4% is composed of many individuals (employees) and investment companies. Since the specific shareholders are currently in the management of Metanoia and hold more than half of the seats on the Board of Directors, thus having control. And the Group, which cannot obtain more than half of the seats on the Board of Directors of Metanoia, decided to quit the operating team. Therefore, it is determined that the Group has no control over Metanoia but only has significant influence on it.

**(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**

|   | <b>September 30,<br/>2023</b> | <b>December 31,<br/>2022</b> | <b>September 30,<br/>2022</b> |
|---|-------------------------------|------------------------------|-------------------------------|
| Petty cash  | \$ 881                        | 1,099                        | 1,149                         |
| Checking and demand deposits  | 1,578,537                     | 1,965,777                    | 2,437,888                     |
| Time deposits   | 1,665,126                     | 970,602                      | 743,900                       |
| Less: Restricted deposits (recorded as current and non-current financial assets measured at amortized cost) (Note 8)  | (25,922)                      | (99,590)                     | (102,710)                     |
| Time deposits (recorded as financial assets measured at amortized cost) with original maturities of over three months | (660,487)                     | (174,200)                    | (293,900)                     |
|   | <b><u>\$ 2,558,135</u></b>    | <b><u>2,663,688</u></b>      | <b><u>2,786,327</u></b>       |

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (i) The interest rate range of the time deposit of the Group is as follows:

|                     | September 30,<br>2023 | December 31,<br>2022 | September 30,<br>2022 |
|---------------------|-----------------------|----------------------|-----------------------|
| Interest rate range | <u>0.60% ~ 5.30%</u>  | <u>0.90% ~ 2.80%</u> | <u>0.50%~1.065%</u>   |

- (ii) For the disclosure of the interest rate risk and sensitivity analysis of the Company's financial assets and liabilities, please refer to Note 6 (w).
- (iii) The Group did not recognize impairment loss on current and non-current financial assets at amortized cost for the nine months ended September 30, 2023 and 2022. Please refer to note 6(w) for the information on credit risk of the Group.

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

|                                     | September 30,<br>2023 | December 31,<br>2022 | September 30,<br>2022 |
|-------------------------------------|-----------------------|----------------------|-----------------------|
| Current:                            |                       |                      |                       |
| Domestic                            |                       |                      |                       |
| Listed stocks                       | \$ -                  | 4,298                | 3,944                 |
| Certificates of beneficial interest | <u>363,232</u>        | <u>419,241</u>       | <u>421,330</u>        |
| Subtotal                            | <u>363,232</u>        | <u>423,539</u>       | <u>425,274</u>        |
| Foreign                             |                       |                      |                       |
| Certificates of beneficial interest | -                     | 25,216               | -                     |
| Short-term commercial papers        | <u>-</u>              | <u>73,493</u>        | <u>76,172</u>         |
| Subtotal                            | <u>-</u>              | <u>98,709</u>        | <u>76,172</u>         |
| Total                               | <u>\$ 363,232</u>     | <u>522,248</u>       | <u>501,446</u>        |
| Non-current:                        |                       |                      |                       |
| Domestic                            |                       |                      |                       |
| Listed stocks                       | \$ 266,566            | 249,210              | 264,341               |
| Non-publicly traded stocks          | <u>1,038,121</u>      | <u>993,082</u>       | <u>956,566</u>        |
| Subtotal                            | <u>1,304,687</u>      | <u>1,242,292</u>     | <u>1,220,907</u>      |
| Foreign                             |                       |                      |                       |
| Certificates of beneficial interest | <u>251,266</u>        | <u>233,465</u>       | <u>263,713</u>        |
| Total                               | <u>\$ 1,555,953</u>   | <u>1,475,757</u>     | <u>1,484,620</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 at end of march, 2023.

(Continued)

# ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- (ii) As of September 30, 2023, December 31 and September 30, 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(w) for the disclosure of the financial asset category and fair value measurement of the Group.
- (c) Notes and accounts receivable

|   | September 30,<br>2023 | December 31,<br>2022 | September 30,<br>2022 |
|---|-----------------------|----------------------|-----------------------|
| Notes receivable  | \$ 12,788             | 1,890                | 4,205                 |
| Accounts receivable - fair value through other comprehensive income | 1,003,874             | 410,234              | 849,630               |
| Accounts receivable - measured at amortized cost                    | 425,170               | 330,105              | 416,095               |
| Less: Loss allowance  | (27,722)              | (22,821)             | (33,882)              |
|   | <u>\$ 1,414,110</u>   | <u>719,408</u>       | <u>1,236,048</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:

|                            | September 30, 2023    |                            |                      |
|----------------------------|-----------------------|----------------------------|----------------------|
|                            | Gross carrying amount | Weighted-average loss rate | Expected credit loss |
| Current                    | \$ 1,381,769          | 0.37%                      | 5,076                |
| 1 to 30 days past due      | 34,894                | 4.28%                      | 1,493                |
| 31 to 60 days past due     | 4,787                 | 20.41%                     | 977                  |
| 61 to 90 days past due     | 219                   | 61.64%                     | 135                  |
| More than 90 days past due | 20,163                | 50%~100%                   | 20,041               |
|                            | <u>\$ 1,441,832</u>   |                            | <u>27,722</u>        |

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

|                            | <b>December 31, 2022</b>     |                                   |                             |
|----------------------------|------------------------------|-----------------------------------|-----------------------------|
|                            | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Expected credit loss</b> |
| 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                      |
|                            | <b>\$ 742,229</b>            |                                   | <b>22,821</b>               |

  

|                            | <b>September 30, 2022</b>    |                                   |                             |
|----------------------------|------------------------------|-----------------------------------|-----------------------------|
|                            | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Expected credit loss</b> |
| Current                    | \$ 1,144,753                 | 0.63%                             | 7,182                       |
| 1 to 30 days past due      | 59,584                       | 1.68%                             | 1,002                       |
| 31 to 60 days past due     | 42,037                       | 11.03%                            | 4,635                       |
| 61 to 90 days past due     | -                            | 54.7%                             | -                           |
| More than 90 days past due | 23,556                       | 50%~100%                          | 21,063                      |
|                            | <b>\$ 1,269,930</b>          |                                   | <b>33,882</b>               |

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

|                                     | <b>For the nine months ended September 30</b> |               |
|-------------------------------------|---|---------------|
|                                     | <b>2023</b>                                   | <b>2022</b>   |
| Balance at January 1                | \$ 22,821                                     | 28,481        |
| Impairment loss                     | 5,667   | 4,551         |
| Acquired in business combination    | -   | 1,046         |
| Effect of changes in exchange rates | (766)   | (196)         |
| Balance at December 31              | <b>\$ 27,722</b>                              | <b>33,882</b> |

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.

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

| September 30, 2023  |                                  |                           |                            |   |                                   |                   |
|---|----------------------------------|---------------------------|----------------------------|---|-----------------------------------|-------------------|
| <b>Purchaser</b>  | <b>Accounts<br/>derecognized</b> | <b>Factoring<br/>Line</b> | <b>Advanced<br/>Amount</b> | <b>Amount<br/>Recognized in<br/>Other<br/>Receivables</b> | <b>Range of<br/>Interest Rate</b> | <b>Collateral</b> |
| Far Eastern<br>International<br>Bank Co., Ltd.<br>KGI Bank<br>Entie<br>Commercial<br>Bank, Ltd.   | <u>\$ 998,201</u>                | <u>2,941,200</u>          | <u>-</u>                   | <u>998,201</u>  | <u>0.05%~0.10%</u>                | None              |
| December 31, 2022   |                                  |                           |                            |   |                                   |                   |
| <b>Purchaser</b>  | <b>Accounts<br/>derecognized</b> | <b>Factoring<br/>Line</b> | <b>Advanced<br/>Amount</b> | <b>Amount<br/>Recognized in<br/>Other<br/>Receivables</b> | <b>Range of<br/>Interest Rate</b> | <b>Collateral</b> |
| Far Eastern<br>International<br>Bank Co., Ltd.<br>KGI Bank<br>Entie<br>Commercial<br>Bank, Ltd.   | <u>\$ 586,619</u>                | <u>2,929,200</u>          | <u>-</u>                   | <u>586,619</u>  | <u>0.05%~0.10%</u>                | None              |
| September 30, 2022  |                                  |                           |                            |   |                                   |                   |
| <b>Purchaser</b>  | <b>Accounts<br/>derecognized</b> | <b>Factoring<br/>Line</b> | <b>Advanced<br/>Amount</b> | <b>Amount<br/>Recognized in<br/>Other<br/>Receivables</b> | <b>Range of<br/>Interest Rate</b> | <b>Collateral</b> |
| Far Eastern<br>International<br>Bank Co., Ltd.<br>KGI Bank<br>Entie<br>Commercial<br>Bank, Ltd.<br>Taishin<br>International<br>Bank Co., Ltd. | <u>\$ 812,953</u>                | <u>2,970,800</u>          | <u>-</u>                   | <u>812,953</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 September 30, 2023, December 31 and September 30, 2022. The remaining amount has been reclassified into other receivables. The Group did not recognize impairment loss on other receivables for the nine months ended September 30, 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 September 30, 2023, December 31 and September 30, 2022.

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Inventories

|                  | September 30,<br>2023 | December 31,<br>2022 | September 30,<br>2022 |
|------------------|-----------------------|----------------------|-----------------------|
| Raw materials    | \$ 899,223            | 1,710,468            | 1,410,976             |
| Work in progress | 1,132,586             | 1,653,579            | 1,824,130             |
| Finished goods   | 338,572               | 366,877              | 411,749               |
|                  | <u>\$ 2,370,381</u>   | <u>3,730,924</u>     | <u>3,646,855</u>      |

The details of the cost of sales were as follows:

|                              | For the three months ended<br>September 30 |                  | For the nine months ended<br>September 30 |                  |
|------------------------------|--|------------------|---|------------------|
|                              | 2023                                       | 2022             | 2023                                      | 2022             |
| Inventory that has been sold | \$ 1,824,460                               | 1,468,737        | 4,838,689                                 | 5,729,329        |
| Write-down of inventories    | 26,532                                     | 39,890           | 133,282                                   | 117,092          |
| Others                       | (201)                                      | (835)            | 3,394                                     | (735)            |
|                              | <u>\$ 1,850,791</u>                        | <u>1,507,792</u> | <u>4,975,365</u>                          | <u>5,845,686</u> |

As of September 30, 2023, December 31 and September 30, 2022, the Group did not provide any inventories as collateral for its loans.

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

|  | September 30,<br>2023 | December 31,<br>2022 | September 30,<br>2022 |
|--|-----------------------|----------------------|-----------------------|
| Equity investments at fair value through other comprehensive income: |                       |                      |                       |
| Emerging stocks  | \$ 16,511             | 13,096               | 16,553                |
| Listed stocks  | 299,355               | 292,495              | 267,820               |
|  | <u>\$ 315,866</u>     | <u>305,591</u>       | <u>284,373</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 September 30, 2023 and 2022.
- (iii) For market risk, please refer to note 6(w).
- (iv) As of September 30, 2023, December 31 and September 30, 2022, the financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral for its loans.

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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:

|            | September 30,<br>2023 | December 31,<br>2022 | September 30,<br>2022 |
|------------|-----------------------|----------------------|-----------------------|
| Associates | \$ <u>406,310</u>     | <u>246,691</u>       | <u>250,538</u>        |

The related information on the original investment cost of the associates was as follows:

|   |   |   | September 30,<br>2023 |                          | December 31,<br>2022 |                          | September 30,<br>2022 |                          |
|---|---|---|-----------------------|--------------------------|----------------------|--------------------------|-----------------------|--------------------------|
|   | Nature of the<br>relationship with<br>the Group   | Main<br>operating<br>location /<br>Registered<br>Country of<br>the<br>Company | Amount                | Share-<br>holding<br>(%) | Amount               | Share-<br>holding<br>(%) | Amount                | Share-<br>holding<br>(%) |
| Metanoia<br>Communications<br>Inc. (Metanoia) | Research, design,<br>develop,<br>manufacture and<br>sale on client<br>chipss  | R.O.C.  | \$ 162,471            | 47.71                    | -                    | -                        | -                     | -                        |
| Tong Fu Investment<br>Corporation             | Investment holding  | R.O.C.  | -                     | 46.73                    | -                    | 46.73                    | -                     | 46.73                    |
| Lighting Device<br>Technologies Corp.         | Research, design,<br>develop,<br>manufacture and<br>sale on LED chipss  | R.O.C.  | -                     | 45.07                    | -                    | 45.07                    | -                     | 45.07                    |
| Top Taiwan X<br>Venture Capital<br>Co., Ltd.  | Venture capital   | R.O.C.  | 237,425               | 30.00                    | 237,907              | 30.00                    | 241,203               | 30.00                    |
| Uniband Electronic<br>Corp.                   | Manufactures and<br>sells electronic<br>devices   | R.O.C.  | 6,414                 | 24.69                    | 8,784                | 24.69                    | 9,335                 | 24.69                    |
| Finger Pro.<br>Incorporation                  | Manufactures and<br>sells electronic<br>device  | R.O.C.  | -                     | 23.08                    | -                    | 23.08                    | -                     | 23.08                    |
| RONG CHENG<br>Technology                      | Manufactures and<br>sells electronic<br>devices, computers<br>and its related<br>products,<br>manufactures<br>optical instruments | R.O.C.  | -                     | 38.46                    | -                    | 38.46                    | -                     | 38.46                    |
|   |   |   | <u>\$ 406,310</u>     |                          | <u>246,691</u>       |                          | <u>250,538</u>        |                          |

(Continued)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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<br>September 30 |                 | For the nine months ended<br>September 30 |                 |
|-----------------------------------|--|-----------------|---|-----------------|
|                                   | 2023                                       | 2022            | 2023                                      | 2022            |
| Attributable to the Group:        |  |                 |   |                 |
| Loss on continuing operations     | \$ (18,360)                                | (29,913)        | (7,980)                                   | (46,886)        |
| Other comprehensive income (loss) | (201)                                      | -               | (99)                                      | 11              |
| Comprehensive income              | <u>\$ (18,561)</u>                         | <u>(29,913)</u> | <u>(8,079)</u>                            | <u>(46,875)</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.

(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 September 30, 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,<br>2022 | September 30,<br>2022 |
|---|----------------------|-----------------------|
| Consideration paid by cash                    | \$ 199,200           | 199,200               |
| Fair value of pre-existing interest in Chimei | 22,800               | 2,867                 |
| Non-controlling interest in the acquisition   | <u>351,727</u>       | <u>223,742</u>        |
|   | <u>\$ 573,727</u>    | <u>425,809</u>        |

(Continued)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Obtaining the fair value of identifiable assets and liabilities assumed:

|   | <u>Actual</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(i)) | 10,669            | 10,669           |
| Intangible assets (note 6(k))             | 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(k))                      | <u>\$ 61,451</u>  | <u>99,844</u>    |

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>\$ 53,108</u> |

- 4) Chimei contributed the sales and net profits \$69,767 thousand and \$12,982 thousand respectively from the acquisition date to September 30, 2023. If the acquisition happened on January 1, 2022, the management estimated that the Group of sales and net income will be \$11,085,100 thousand and \$2,019,051 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 September 30, 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.

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(h) Loss control of subsidiaries

The Group lost control of Metanoia Communications Inc. (Metanoia) and its subsidiary (Metanoia EU) on June 2023, due to a reshuffle of the Board of Directors of Metanoia. On September 30, 2023 the carrying amounts of assets and liabilities of Metanoia and its subsidiaries are as follows:

|   |                          |
|---|--------------------------|
| Cash and cash equivalents                 | \$ 102,385               |
| Accounts receivables                      | 18,729                   |
| Other receivables                         | 19,448                   |
| Inventories                               | 50,557                   |
| Prepayments and other current assets      | 29,102                   |
| Property, plant and equipment (note 6(i)) | 56,783                   |
| Intangible assets (note 6(k))             | 143,911                  |
| Right-of-use asset (note 6(j))            | 6,506                    |
| Guarantee deposits                        | 992                      |
| Accounts payables                         | (27,908)                 |
| Other current liabilities                 | <u>(57,328)</u>          |
| Carrying amount of net assets             | <u><b>\$ 343,177</b></u> |
| Goodwill (note 6(k))                      | <u><b>\$ 16,238</b></u>  |

- (ii) The accounting treatment for losing control of Metanoia was not completed on the date of loss of control (June 30, 2023) , but the evaluation was completed in the third quarter of 2023. The Group's accounting for the remaining 47.71% equity of Metanoia was measured at a post-evaluation fair value of \$178,318 thousand and the loss of disposal amounting to \$1,650 thousand was recorded under other gains and losses.
- (iii) The Group has withdrawn from the operating team of Metanoia, so it plans to completely abandon Metanoia's capital increase in 2023. It is expected that the Company's and Elan Investment's combined shareholding ratio will drop to 39.83%.

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) 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  | -                 | -                | 48,534                         | 8,254                                      | 591,233   | 648,021          |
| Effect of losing control of subsidiaries (note 6(h)) | -                 | -                | (82,606)                       | (19,042)                                   | -   | (101,648)        |
| Derecognized   | -                 | -                | (2,770)                        | (2,656)                                    | -   | (5,426)          |
| Reclassification                                     | -                 | -                | 45,276                         | 164  | (45,381)  | 59               |
| Effect of movements in exchange rates                | -                 | -                | (10)                           | (1)  | -   | (11)             |
| Balance at September 30, 2023                        | <u>\$ 230,790</u> | <u>1,165,013</u> | <u>748,950</u>                 | <u>191,481</u>                             | <u>625,162</u>  | <u>2,961,396</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  | -                 | 1,169            | 41,700                         | 29,663                                     | 50,118  | 122,650          |
| Derecognized   | -                 | -                | (4,898)                        | (3,486)                                    | -   | (8,384)          |
| Reclassification                                     | -                 | 2,541            | 15,141                         | 1,421                                      | (21,475)  | (2,372)          |
| Effect of movements in exchange rates                | -                 | -                | 160                            | 259  | -   | 419              |
| Balance at September 30, 2022                        | <u>\$ 230,790</u> | <u>1,181,892</u> | <u>725,003</u>                 | <u>201,138</u>                             | <u>63,101</u>   | <u>2,401,924</u> |
| Accumulated depreciation:                            |                   |                  |                                |  |   |                  |
| Balance at January 1, 2023                           | \$ -              | 734,930          | 547,108                        | 147,688                                    | -   | 1,429,726        |
| Depreciation   | -                 | 15,082           | 59,142                         | 15,608                                     | -   | 89,832           |
| Effect of losing control of subsidiaries (note 6(h)) | -                 | -                | (37,980)                       | (6,885)                                    | -   | (44,865)         |
| Derecognized   | -                 | -                | (2,570)                        | (2,534)                                    | -   | (5,104)          |
| Reclassification                                     | -                 | -                | 185                            | -  | -   | 185              |
| Effect of disposal of subsidiaries                   | -                 | -                | (9)                            | -  | -   | (9)              |
| Balance at September 30, 2023                        | <u>\$ -</u>       | <u>750,012</u>   | <u>565,876</u>                 | <u>153,877</u>                             | <u>-</u>  | <u>1,469,765</u> |
| Balance at January 1, 2022                           | \$ -              | 714,779          | 474,786                        | 137,053                                    | -   | 1,326,618        |
| Depreciation   | -                 | 16,708           | 58,854                         | 12,903                                     | -   | 88,465           |
| Derecognized   | -                 | -                | (4,894)                        | (3,471)                                    | -   | (8,365)          |
| Effect of movements in exchange rates                | -                 | -                | 143                            | 207  | -   | 350              |
| Balance at September 30, 2022                        | <u>\$ -</u>       | <u>731,487</u>   | <u>528,889</u>                 | <u>146,692</u>                             | <u>-</u>  | <u>1,407,068</u> |
| Carrying amount:                                     |                   |                  |                                |  |   |                  |
| Balance at September 30, 2023                        | <u>\$ 230,790</u> | <u>415,001</u>   | <u>183,074</u>                 | <u>37,604</u>                              | <u>625,162</u>  | <u>1,491,631</u> |
| Balance at January 1, 2023                           | <u>\$ 230,790</u> | <u>430,083</u>   | <u>193,418</u>                 | <u>57,074</u>                              | <u>79,310</u>   | <u>990,675</u>   |
| Balance at September 30, 2022                        | <u>\$ 230,790</u> | <u>450,405</u>   | <u>196,114</u>                 | <u>54,446</u>                              | <u>63,101</u>   | <u>994,856</u>   |

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# ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- (i) Due to the needs of future operations of the Group, the construction payments of the new building in 2023 amounted to \$557,905 thousand. As of September 30, 2023, the capitalized amount of the borrowing costs of the Group was \$1,953 thousand, and the weighted average annual interest rate on dedicated loans was 1.20%.
- (ii) As of September 30, 2023, December 31 and September 30, 2022, the Group did not provide any property, plant and equipment as collateral for its loan.
- (j) 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<br/>and<br/>equipment</u> | <u>Office<br/>equipment</u> | <u>Total</u>   |
|--|-------------------|------------------|--|-----------------------------|----------------|
| Cost:  |                   |                  |  |                             |                |
| Balance at January 1, 2023                           | \$ 842,737        | 77,690           | 948                                    | 10,062                      | 931,437        |
| Effect of losing control of subsidiaries (note 6(h)) | -                 | (10,183)         | -                                      | -                           | (10,183)       |
| Additions  | -                 | 1,193            | 948                                    | 15,035                      | 17,176         |
| Derecognized   | -                 | (956)            | (948)                                  | (2,041)                     | (3,945)        |
| Effect of movements in exchange rates                | -                 | 8                | -                                      | -                           | 8              |
| Balance at September 30, 2023                        | <u>\$ 842,737</u> | <u>67,752</u>    | <u>948</u>                             | <u>23,056</u>               | <u>934,493</u> |
| Balance at January 1, 2022                           | \$ 842,737        | 42,070           | 948                                    | 19,179                      | 904,934        |
| Additions  | -                 | 70,656           | -                                      | -                           | 70,656         |
| Derecognized   | -                 | (35,722)         | -                                      | (9,118)                     | (44,840)       |
| Effect of movements in exchange rates                | -                 | 165              | -                                      | -                           | 165            |
| Balance at September 30, 2022                        | <u>\$ 842,737</u> | <u>77,169</u>    | <u>948</u>                             | <u>10,061</u>               | <u>930,915</u> |
| Accumulated depreciation:                            |                   |                  |  |                             |                |
| Balance at January 1, 2023                           | \$ 49,713         | 14,643           | 764                                    | 6,307                       | 71,427         |
| Depreciation   | 16,505            | 14,750           | 237                                    | 3,660                       | 35,152         |
| Effect of losing control of subsidiaries (note 6(h)) | -                 | (3,677)          | -                                      | -                           | (3,677)        |
| Derecognized   | -                 | (956)            | (948)                                  | (2,041)                     | (3,945)        |
| Effect of movements in exchange rates                | -                 | 29               | -                                      | -                           | 29             |
| Balance at September 30, 2023                        | <u>\$ 66,218</u>  | <u>24,789</u>    | <u>53</u>                              | <u>7,926</u>                | <u>98,986</u>  |
| Balance at January 1, 2022                           | \$ 27,706         | 27,446           | 448                                    | 10,784                      | 66,384         |
| Depreciation   | 16,505            | 15,328           | 237                                    | 2,692                       | 34,762         |
| Derecognized   | -                 | (33,867)         | -                                      | (8,007)                     | (41,874)       |
| Effect of movements in exchange rates                | -                 | (158)            | -                                      | -                           | (158)          |
| Balance at September 30, 2022                        | <u>\$ 44,211</u>  | <u>8,749</u>     | <u>685</u>                             | <u>5,469</u>                | <u>59,114</u>  |

(Continued)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

|                               | <u>Land</u> | <u>Buildings</u> | <u>Machinery<br/>and<br/>equipment</u> | <u>Office<br/>equipment</u> | <u>Total</u> |
|-------------------------------|-------------|------------------|--|-----------------------------|--------------|
| Carrying amount:              |             |                  |  |                             |              |
| Balance at September 30, 2023 | \$ 776,519  | 42,963           | 895                                    | 15,130                      | 835,507      |
| Balance at January 1, 2023    | \$ 793,024  | 63,047           | 184                                    | 3,755                       | 860,010      |
| Balance at September 30, 2022 | \$ 798,526  | 68,420           | 263                                    | 4,592                       | 871,801      |

As of September 30, 2023, December 31 and September 30, 2022, the Group did not provide any Right-of-use assets as collateral for its loans.

(k) Intangible assets

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

|   | <u>Goodwill</u> | <u>Technical<br/>Know-how</u> | <u>Computer<br/>software</u> | <u>Total</u> |
|---|-----------------|-------------------------------|------------------------------|--------------|
| Cost:   |                 |                               |                              |              |
| Balance at January 1, 2023                            | \$ 238,289      | 447,368                       | 306,789                      | 992,446      |
| Additions   | -               | 122,376                       | 224,324                      | 346,700      |
| Effect of lossing control of subsidiaries (note 6(h)) | (16,238)        | (268,065)                     | -                            | (284,303)    |
| Derecognized  | -               | (8,071)                       | (182,638)                    | (190,709)    |
| Reclassifications                                     | -               | -                             | 286                          | 286          |
| Balance at September 30, 2023                         | \$ 222,051      | 293,608                       | 348,761                      | 864,420      |
| Balance at January 1, 2022                            | \$ 176,838      | 281,058                       | 265,155                      | 723,051      |
| Additions   | -               | 3,926                         | 62,581                       | 66,507       |
| Acquisitions (tentative) (Note 6 (g))                 | 99,844          | 833                           | 371                          | 101,048      |
| Reclassifications                                     | -               | -                             | 2,318                        | 2,318        |
| Derecognized  | -               | (12,731)                      | (25,388)                     | (38,119)     |
| Balance at September 30, 2022                         | \$ 276,682      | 273,086                       | 305,037                      | 854,805      |
| Accumulated amortization:                             |                 |                               |                              |              |
| Balance at January 1, 2023                            | \$ -            | 160,431                       | 227,308                      | 387,739      |
| Additions   | -               | 62,004                        | 94,927                       | 156,931      |
| Effect of lossing control of subsidiaries (note 6(h)) | -               | (124,154)                     | -                            | (124,154)    |
| Derecognized  | -               | (7,260)                       | (182,638)                    | (189,898)    |
| Balance at September 30, 2023                         | \$ -            | 91,021                        | 139,597                      | 230,618      |
| Balance at January 1, 2022                            | \$ -            | 134,420                       | 163,981                      | 298,401      |
| Additions   | -               | 46,633                        | 69,501                       | 116,134      |
| Derecognized  | -               | (12,731)                      | (25,388)                     | (38,119)     |
| Balance at September 30, 2022                         | \$ -            | 168,322                       | 208,094                      | 376,416      |

(Continued)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

|                               | <u>Goodwill</u>   | <u>Technical<br/>Know-how</u> | <u>Computer<br/>software</u> | <u>Total</u>   |
|-------------------------------|-------------------|-------------------------------|------------------------------|----------------|
| Carrying amount:              |                   |                               |                              |                |
| Balance at September 30, 2023 | \$ <u>222,051</u> | <u>202,587</u>                | <u>209,164</u>               | <u>633,802</u> |
| Balance at January 1, 2023    | \$ <u>238,289</u> | <u>286,937</u>                | <u>79,481</u>                | <u>604,707</u> |
| Balance at September 30, 2022 | \$ <u>276,682</u> | <u>104,764</u>                | <u>96,943</u>                | <u>478,389</u> |

The additional intangible assets of the Group from January 1 to September 30, 2023 were all purchased from non-related parties and it's mainly for the development of Electronic Design Automation (EDA) and the license agreement of Intellectual Property (IP) .

(l) Long-term and short-term borrowings

(i) Short-term borrowings

|                                | <u>September 30,<br/>2023</u> | <u>December 31,<br/>2022</u> | <u>September 30,<br/>2022</u> |
|--------------------------------|-------------------------------|------------------------------|-------------------------------|
| Unsecured bank loans           | \$ <u>40,000</u>              | <u>80,000</u>                | <u>80,000</u>                 |
| Range of interest rate         | <u>2.15%~ 2.83%</u>           | <u>1.98%~ 2.70%</u>          | <u>1.98%~2.301%</u>           |
| Unused short-term credit lines | \$ <u>2,835,000</u>           | <u>2,935,000</u>             | <u>2,935,000</u>              |

(ii) Long-term borrowings

|                               | <u>September 30,<br/>2023</u> | <u>December 31,<br/>2022</u> | <u>September 30,<br/>2022</u> |
|-------------------------------|-------------------------------|------------------------------|-------------------------------|
| Unsecured bank loans          | \$ <u>468,640</u>             | <u>-</u>                     | <u>-</u>                      |
| Range of interest rate        | <u>1.20%</u>                  | <u>-</u>                     | <u>-</u>                      |
| Unused long-term credit lines | \$ <u>6,256,360</u>           | <u>6,725,000</u>             | <u>6,725,000</u>              |

1) The Company signed long-term dedicated loan contracts with certain banks on December 3, 2021, to build factories, with a credit period of ten years. The dedicated loan has a grace period of three years, and the monthly principal and interest are evenly amortized.

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

(m) Preference share liabilities

|   | <u>September 30,<br/>2023</u> | <u>December 31,<br/>2022</u> | <u>September 30,<br/>2022</u> |
|---|-------------------------------|------------------------------|-------------------------------|
| Cumulative redeemable preferred shares(Current and non-current) | \$ <u>-</u>                   | <u>40,000</u>                | <u>40,000</u>                 |

In addition to the below, there are no significant changes in the special share liabilities of the Group from January 1 to September 30, 2023 and 2022. For relevant information, please refer to Note 6 (m) of the 2022 Consolidated Financial Report.

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

During the Chimei Motor Electronics Co., Ltd.'s shareholders meeting held on June 30, 2020, a resolution was passed to issue \$40,000 thousand of cumulative redeemable preferred shares for cash, with a par value of \$10 per share at an issue price of \$10 per share, amounting to 4,000 thousand shares. On July 3, 2023, the shares have been redeemed as agreed and the registration of the change has been completed on July 21, 2023.

The Group recognized interest expenses amounting to \$280 and \$350 thousand for the nine months ended September 30, 2023 and 2022, respectively.

(n) Lease liabilities

The lease liabilities were as follows:

|             | September 30,<br>2023 | December 31,<br>2022 | September 30,<br>2022 |
|-------------|-----------------------|----------------------|-----------------------|
| Current     | \$ <u>29,330</u>      | <u>29,525</u>        | <u>29,736</u>         |
| Non-current | \$ <u>696,123</u>     | <u>705,770</u>       | <u>715,729</u>        |

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

The amounts recognized in profit or loss were as follows:

|  | For the three months ended<br>September 30 |              | For the nine months ended<br>September 30 |               |
|--|--|--------------|---|---------------|
|  | 2023                                       | 2022         | 2023                                      | 2022          |
| Interest on lease liabilities  | \$ <u>2,962</u>                            | <u>3,077</u> | <u>8,978</u>                              | <u>8,929</u>  |
| Expenses relating to short-term leases   | \$ <u>3,235</u>                            | <u>3,820</u> | <u>11,583</u>                             | <u>12,645</u> |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | \$ <u>378</u>                              | <u>242</u>   | <u>1,113</u>                              | <u>719</u>    |

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

|                               | For the nine months ended<br>September 30 |               |
|-------------------------------|---|---------------|
|                               | 2023                                      | 2022          |
| Total cash outflow for leases | \$ <u>41,710</u>                          | <u>38,073</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.

(Continued)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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.

(o) 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:

|                                   | For the three months ended<br>September 30 |            | For the nine months ended<br>September 30 |              |
|-----------------------------------|--|------------|---|--------------|
|                                   | 2023                                       | 2022       | 2023                                      | 2022         |
| Operating cost                    | \$ 115                                     | 68         | 346                                       | 203          |
| Selling expenses                  | 83   | 44         | 255                                       | 173          |
| Administration expenses           | 122  | 68         | 365                                       | 205          |
| Research and development expenses | 1,136                                      | 625        | 3,418                                     | 1,898        |
|                                   | <u>\$ 1,456</u>                            | <u>805</u> | <u>4,384</u>                              | <u>2,479</u> |

(Continued)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Defined contribution plans

The Group's expenses incurred from the contributions to the Bureau of Labor Insurance for the three months and nine months ended September 30, 2023 and 2022 were as follows:

|                                   | <b>For the three months ended<br/>September 30</b> |               | <b>For the nine months ended<br/>September 30</b> |               |
|-----------------------------------|--|---------------|---|---------------|
|                                   | <b>2023</b>  | <b>2022</b>   | <b>2023</b>                                       | <b>2022</b>   |
| Operating cost                    | \$ 2,264   | 2,299         | 6,950   | 6,809         |
| Selling expenses                  | 1,424  | 1,674         | 4,671   | 4,929         |
| Administration expenses           | 2,893  | 2,947         | 8,521   | 7,768         |
| Research and development expenses | 13,437   | 13,475        | 40,965  | 40,513        |
|                                   | <b>\$ 20,018</b>                                   | <b>20,395</b> | <b>61,107</b>                                     | <b>60,019</b> |

(p) 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:

|  | <b>For the three months ended<br/>September 30</b> |                | <b>For the nine months ended<br/>September 30</b> |                |
|--|--|----------------|---|----------------|
|  | <b>2023</b>  | <b>2022</b>    | <b>2023</b>                                       | <b>2022</b>    |
| Current period                           | \$ 200,630   | 134,981        | 354,398   | 622,222        |
| Additional tax on undistributed earnings | -  | -              | 5,290   | 60,113         |
| Current tax expense                      | <b>\$ 200,630</b>                                  | <b>134,981</b> | <b>359,688</b>                                    | <b>682,335</b> |

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

(q) Capital and other equity

(i) Ordinary share

As of September 30, 2023, December 31 and September 30, 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.

(Continued)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Capital surplus

The balances of capital surplus were as follows:

|   | <b>September 30,<br/>2023</b> | <b>December 31,<br/>2022</b> | <b>September 30,<br/>2022</b> |
|---|-------------------------------|------------------------------|-------------------------------|
| Additional paid-in capital  | \$ 231,051                    | 231,051                      | 231,051                       |
| Treasury share transactions   | 585,830                       | 509,478                      | 509,478                       |
| Difference arising from subsidiary's share price and its carrying value | 94,548                        | 97,899                       | 62,679                        |
|   | <b><u>\$ 911,429</u></b>      | <b><u>838,428</u></b>        | <b><u>803,208</u></b>         |

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. The company amended the Articles of Association on May 31, 2023, and the profit distribution can be done after the end of each half of the fiscal year.

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.

(Continued)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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 Company's profit distribution plan for the first half of 2023, 2022, 2021 and the cash dividend per share have been resolved by the Board of Directors as follows:

|                         | <b>For the six<br/>month ended</b> |                              |                              |
|-------------------------|------------------------------------|------------------------------|------------------------------|
|                         | <b>June 30</b>                     | <b>2022</b>                  | <b>2021</b>                  |
|                         | <b>August 3,<br/>2023</b>          | <b>February 22,<br/>2023</b> | <b>February 22,<br/>2022</b> |
| Board resolution date   |                                    |                              |                              |
| Cash dividend           | \$ <u>607,761</u>                  | <u>1,823,282</u>             | <u>4,102,385</u>             |
| Cash dividend per share | \$ <u>2.04</u>                     | <u>6.13</u>                  | <u>13.81</u>                 |

Relevant information on the above-mentioned distribution can be inquired at the Market Observation Post System.

(iv) Treasury shares

|                                 | <b>September 30, 2023</b>        |                            | <b>December 31, 2022</b>         |                         | <b>September 30, 2022</b>        |                         |
|---------------------------------|----------------------------------|----------------------------|----------------------------------|-------------------------|----------------------------------|-------------------------|
|                                 | <b>Shares (in<br/>thousands)</b> | <b>Amounts</b>             | <b>Shares (in<br/>thousands)</b> | <b>Amounts</b>          | <b>Shares (in<br/>thousands)</b> | <b>Amounts</b>          |
| Shares transferred to employees | 6,857                            | \$ 1,077,510               | 6,857                            | 1,077,510               | 6,857                            | 1,077,510               |
| Shares held by subsidiaries     | <u>12,438</u>                    | <u>28,975</u>              | <u>12,438</u>                    | <u>28,975</u>           | <u>12,438</u>                    | <u>28,975</u>           |
|                                 | <u><b>19,295</b></u>             | <u><b>\$ 1,106,485</b></u> | <u><b>19,295</b></u>             | <u><b>1,106,485</b></u> | <u><b>19,295</b></u>             | <u><b>1,106,485</b></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 follows:

(Continued)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

|                                   | <b>For the nine months ended<br/>September 30</b> |                     | <b>For the nine months ended<br/>September 30</b> |                  |
|-----------------------------------|---|---------------------|---|------------------|
|                                   | <b>Shares<br/>(in thousands)</b>                  | <b>Amounts</b>      | <b>Shares<br/>(in thousands)</b>                  | <b>Amounts</b>   |
| 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.

- 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 nine months ended September 30, 2023 and 2022, the information on the Company's stock held by Elan Investment Corp. was as follows:

|                             | <b>For the nine months ended September 30</b> |                         |                           |                              |                         |                           |
|-----------------------------|---|-------------------------|---------------------------|------------------------------|-------------------------|---------------------------|
|                             | <b>2023</b>                                   |                         |                           | <b>2022</b>                  |                         |                           |
|                             | <b>Shares (in thousands)</b>                  | <b>Acquisition cost</b> | <b>Total market value</b> | <b>Shares (in thousands)</b> | <b>Acquisition cost</b> | <b>Total market value</b> |
| Opening balance             | 12,438  | \$ 28,975               | 1,069,685                 | 12,438                       | 28,975                  | 2,114,494                 |
| Effects of valuation change | -   | -                       | 590,815                   | -                            | -                       | (1,079,636)               |
| Ending balance              | <u>12,438</u>                                 | <u>\$ 28,975</u>        | <u>1,660,500</u>          | <u>12,438</u>                | <u>28,975</u>           | <u>1,034,858</u>          |

The Company transferred cash dividend revenue received by Elan Investment Corp. amounting to \$76,352 thousand and \$171,792 thousand to capital surplus-treasury stock in 2023 and 2022, respectively.

(v) Other equity

The movements of other equity were as follows:

|  | <b>For the nine months ended September 30, 2023</b>                        |  |               |
|--|--|--|---------------|
|  | <b>Exchange differences on translation of foreign financial statements</b> | <b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b> | <b>Total</b>  |
| Balance at January 1   | \$ (4,706)   | 15,784   | 11,078        |
| Exchange differences on foreign operations:  |  |  |               |
| The Group  | 537  | -  | 537           |
| Associates   | (99)   | -  | (99)          |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income: |  |  |               |
| The Group  | -  | 10,274   | 10,274        |
| Balance at September 30  | <u>\$ (4,268)</u>  | <u>26,058</u>  | <u>21,790</u> |

(Continued)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

|  | For the nine months ended September 30, 2022                              |   |                |
|--|---|---|----------------|
|  | Exchange differences on<br>translation of foreign<br>financial statements | Unrealized gains<br>(losses) from financial<br>assets measured at fair<br>value through other<br>comprehensive income | Total          |
| Balance at January 1   | \$ (6,923)  | 202,017   | 195,094        |
| Exchange differences on foreign operations:  |   |   |                |
| The Group  | 2,989   | -   | 2,989          |
| Associates   | 11  | -   | 11             |
| Unrealized gains (losses) from financial assets<br>measured at fair value through other<br>comprehensive income: |   |   |                |
| The Group  | -   | (207,451)   | (207,451)      |
| Balance at September 30  | <u>\$ (3,923)</u>   | <u>(5,434)</u>  | <u>(9,357)</u> |

(vi) Non-controlling interests

|  | 2023              | 2022           |
|--|-------------------|----------------|
| Balance at January 1   | \$ 732,525        | 230,894        |
| Net profit (loss) attributable to Non-controlling<br>interests :                             |                   |                |
| Net loss   | (113,554)         | (81,953)       |
| Acquisitions   | -                 | 223,742        |
| Capital surplus, employee share options  | -                 | 1,052          |
| Effect of lossing control of subsidiaries  | (179,652)         | -              |
| Changes in ownership interests in subsidiaries   | 3,351             | -              |
| Difference between consideration and carrying amount<br>of subsidiaries acquired or disposed | -                 | (50)           |
| Capital Increase   | 10,189            | 5,895          |
| Exchange differences on translation of foreign financial<br>statements                       | (17)              | 104            |
| Balance at June 30   | <u>\$ 452,842</u> | <u>379,684</u> |

(r) Share-based payment

Except for the following disclosure, there were no significant changes in share-based payment for the nine months ended September 30, 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.

- (i) The Board of Directors' meeting on February 5, 2021, Eminent decided to award 2,310 units of employee stock options which would issue within three years depending on the actual situation (hereinafter referred to as 2021 employee stock options) to those fulltime employees who meet the specific requirements. Each unit of stock option can be subscribed one thousand stocks of common stock. During the period when the subscriber is granted the employee stock option, the stock options can be exercised and the duration is three years.

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Eminent adopted the Black-Scholes model to measure the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

|                           | <b>2021 employee stock options</b> |
|---------------------------|------------------------------------|
| Fair value at grant date  | \$ 1.39                            |
| Exercise price            | 10                                 |
| Expected volatility       | 38.67%                             |
| Duration of stock options | 0.003years                         |
| Riskfree interest rate    | 0.37%                              |

Details of the employee stock options for six monthes ended September 30, 2023, were as follows:

|                                    | <b>For the nine months ended<br/>September 30, 2023</b> |  | <b>For the nine months ended<br/>September 30, 2022</b> |  |
|------------------------------------|---|--|---|--|
| <b>2021 employee stock options</b> | <b>Number of options</b>                                | <b>Weighted average exercise price</b> | <b>Number of options</b>                                | <b>Weighted average exercise price</b> |
| Outstanding at January 1           | -   | \$ -                                   | -   | -                                      |
| Granted during the year            | -   | -                                      | 489   | 10.00                                  |
| Forfeited during the year          | -   | -                                      | -   | -                                      |
| Exercised during the year          | -   | -                                      | (489)   | 10.00                                  |
| Outstanding at September 30        | -   | \$ -                                   | -   | -                                      |
| Exercisable at September 30        | -   | -                                      | -   | -                                      |

Eminent adopted the 500 option pricing model to measure the fair value of employee stock options granted in 2021. Since the shares of Eminent were not listed on an exchange, Eminent used price-to-book ratios of listed companies in similar industries as a multiplier and took liquidity discounts into account to evaluate share price at grant date.

- (ii) 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:

(Continued)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

| <b>2019 employee stock options</b> |                               |                            |                               |  |   |
|------------------------------------|-------------------------------|----------------------------|-------------------------------|--|---|
| <b>Prerequisites</b>               | <b>Exercisable percentage</b> | <b>Expected volatility</b> | <b>Riskfree interest rate</b> | <b>Expected duration of stock options(years)</b> | <b>Weighted average fair value(dollars)</b> |
| 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  |

- (iii) 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 was July 2, 2023, and the change registration was completed on July 21, 2023.
- (iv) The Group recognized share-based payment cost amounting to \$0 and \$1,237 thousand for the three months ended September 30, 2023 and 2022 recognized under operation expense.

(s) Earnings per share

The Group's earnings per share for the three months nine months ended September 30, 2023 and 2022 were calculated as follows:

(i) Basic earnings per share:

|   | <b>For the three months ended<br/>September 30</b> |                | <b>For the nine months ended<br/>September 30</b> |                  |
|---|--|----------------|---|------------------|
|   | <b>2023</b>  | <b>2022</b>    | <b>2023</b>                                       | <b>2022</b>      |
| Net profit attributable to ordinary shareholders of the Company       | <u>\$ 765,690</u>                                  | <u>521,766</u> | <u>1,566,986</u>                                  | <u>2,104,053</u> |
| Weighted-average number of ordinary shares outstanding (in thousands) | <u>284,585</u>                                     | <u>284,585</u> | <u>284,585</u>                                    | <u>284,585</u>   |
| Earnings per share (in dollars)                                       | <u>\$ 2.69</u>                                     | <u>1.83</u>    | <u>5.51</u>                                       | <u>7.39</u>      |

(Continued)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Diluted earnings per share:

|  | For the three months ended<br>September 30 |                | For the nine months ended<br>September 30 |                  |
|--|--|----------------|---|------------------|
|  | 2023                                       | 2022           | 2023                                      | 2022             |
| Net profit attributable to ordinary shareholders of the Company (diluted)      | \$ <u>765,690</u>                          | <u>521,766</u> | <u>1,566,986</u>                          | <u>2,104,053</u> |
| Weighted-average number of ordinary shares outstanding (in thousands)          | 284,585                                    | 284,585        | 284,585                                   | 284,585          |
| Effect of dilutive potential ordinary shares (in thousands)                    |  |                |   |                  |
| — employee share bonus   | <u>2,128</u>                               | <u>4,009</u>   | <u>2,815</u>                              | <u>4,918</u>     |
| Weighted-average number of ordinary shares outstanding (diluted)(in thousands) | \$ <u>286,713</u>                          | <u>288,594</u> | <u>287,400</u>                            | <u>289,503</u>   |
| Diluted earnings per share (in dollars)  | \$ <u>2.67</u>                             | <u>1.81</u>    | <u>5.45</u>                               | <u>7.27</u>      |

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

|                | For the three months ended<br>September 30 |                  | For the nine months ended<br>September 30 |                   |
|----------------|--|------------------|---|-------------------|
|                | 2023                                       | 2022             | 2023                                      | 2022              |
| Taiwan         | \$ 234,037                                 | 198,925          | 612,574                                   | 875,661           |
| Mainland China | 538,522                                    | 545,094          | 1,299,258                                 | 1,999,817         |
| Hong Kong      | 2,682,584                                  | 2,032,630        | 6,882,653                                 | 8,033,944         |
| America        | 3,375                                      | 7,354            | 17,207                                    | 25,785            |
| Europe         | 9,231                                      | 13,805           | 45,477                                    | 30,691            |
| Others         | <u>34,160</u>                              | <u>21,386</u>    | <u>91,300</u>                             | <u>100,483</u>    |
|                | \$ <u>3,501,909</u>                        | <u>2,819,194</u> | <u>8,948,469</u>                          | <u>11,066,381</u> |

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).

(Continued)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(u) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

|                                    | For the three months ended<br>September 30 |              | For the nine months ended<br>September 30 |               |
|------------------------------------|--|--------------|---|---------------|
|                                    | 2023                                       | 2022         | 2023                                      | 2022          |
| Interest income from bank deposits | \$ <u>8,590</u>                            | <u>4,923</u> | <u>25,470</u>                             | <u>18,825</u> |

(ii) Other income

|                   | For the three months ended<br>September 30 |               | For the nine months ended<br>September 30 |                |
|-------------------|--|---------------|---|----------------|
|                   | 2023                                       | 2022          | 2023                                      | 2022           |
| Dividend income   | \$ 14,405                                  | 28,366        | 34,475                                    | 90,102         |
| Government grants | 3,402                                      | 1,258         | 13,527                                    | 5,406          |
| Others            | 5,345                                      | 12,290        | 15,245                                    | 18,084         |
| Total             | \$ <u>23,152</u>                           | <u>41,914</u> | <u>63,247</u>                             | <u>113,592</u> |

(iii) Other gains and losses

|  | For the three months ended<br>September 30 |               | For the nine months ended<br>September 30 |                  |
|--|--|---------------|---|------------------|
|  | 2023                                       | 2022          | 2023                                      | 2022             |
| Foreign exchange gains   | \$ 66,868                                  | 115,450       | 81,128                                    | 264,332          |
| Loss on disposal of investments  | (1,650)                                    | -             | (1,650)                                   | -                |
| Lease modification gains   | -  | 318           | -   | 161              |
| Gains (losses) on financial asset valuation at fair value through profit or loss | (51,816)                                   | (36,765)      | 123,110                                   | (397,853)        |
| Loss of financial asset at fair value through profit or loss                     | -  | -             | (168,774)                                 | -                |
| Gains (Losses) on disposals of property, plant and equipment                     | 771  | (3)           | 847                                       | 8                |
| Miscellaneous disbursements  | (165)                                      | (1,512)       | (252)                                     | (2,853)          |
| Total  | \$ <u>14,008</u>                           | <u>77,488</u> | <u>34,409</u>                             | <u>(136,205)</u> |

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) 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.

For the nine months ended September 30, 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:

|  | <b>For the three months ended<br/>September 30</b> |                      | <b>For the nine months ended<br/>September 30</b> |                       |
|--|--|----------------------|---|-----------------------|
|  | <b>2023</b>  | <b>2022</b>          | <b>2023</b>                                       | <b>2022</b>           |
| Employee compensation                    | \$ 141,384   | 76,734               | 284,028   | 333,513               |
| Directors' and supervisors' remuneration | 14,249   | 8,016                | 28,512  | 40,936                |
|  | <b><u>\$ 155,633</u></b>                           | <b><u>84,750</u></b> | <b><u>312,540</u></b>                             | <b><u>374,449</u></b> |

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.

(w) 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.

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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.

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 September 30, 2023 and 2022, 84% and 85%, 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).

(ii) Liquidity risk

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

|                                      | <u>Carrying<br/>amount</u> | <u>Contractual<br/>cash flows</u> | <u>Within 6<br/>months</u> | <u>6-12<br/>months</u> | <u>1-2<br/>months</u> | <u>2-5<br/>years</u> | <u>Over<br/>5 years</u> |
|--------------------------------------|----------------------------|-----------------------------------|----------------------------|------------------------|-----------------------|----------------------|-------------------------|
| <b>September 30, 2023</b>            |                            |                                   |                            |                        |                       |                      |                         |
| Non-derivative financial liabilities |                            |                                   |                            |                        |                       |                      |                         |
| Short-term borrowings                | \$ 40,000                  | 40,662                            | 539                        | 40,123                 | -                     | -                    | -                       |
| Notes and accounts payable           | 1,291,052                  | 1,291,052                         | 1,291,052                  | -                      | -                     | -                    | -                       |
| Other payables                       | 793,945                    | 793,945                           | 793,945                    | -                      | -                     | -                    | -                       |
| Lease liabilities                    | 725,453                    | 926,207                           | 19,775                     | 17,013                 | 23,377                | 53,911               | 812,131                 |
| Dividends payable                    | 607,761                    | 607,761                           | 607,761                    | -                      | -                     | -                    | -                       |
| Long-term borrowings                 | 468,640                    | 500,273                           | 2,812                      | 2,812                  | 5,623                 | 208,818              | 280,208                 |
| Deposits Received                    | 48,797                     | 48,797                            | 48,797                     | -                      | -                     | -                    | -                       |
|                                      | <u>\$ 3,975,648</u>        | <u>4,208,697</u>                  | <u>2,764,681</u>           | <u>59,948</u>          | <u>29,000</u>         | <u>262,729</u>       | <u>1,092,339</u>        |

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

|                                      | <u>Carrying<br/>amount</u> | <u>Contractual<br/>cash flows</u> | <u>Within 6<br/>months</u> | <u>6-12<br/>months</u> | <u>1-2<br/>months</u> | <u>2-5<br/>years</u> | <u>Over<br/>5 years</u> |
|--------------------------------------|----------------------------|-----------------------------------|----------------------------|------------------------|-----------------------|----------------------|-------------------------|
| <b>December 31, 2022</b>             |                            |                                   |                            |                        |                       |                      |                         |
| 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 payables                       | 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>          |
| <b>September 30, 2022</b>            |                            |                                   |                            |                        |                       |                      |                         |
| Non-derivative financial liabilities |                            |                                   |                            |                        |                       |                      |                         |
| Short-term borrowings                | \$ 80,000                  | 80,832                            | 50,696                     | 30,136                 | -                     | -                    | -                       |
| Notes and accounts payable           | 1,266,044                  | 1,266,044                         | 1,266,044                  | -                      | -                     | -                    | -                       |
| Other payables                       | 544,941                    | 544,941                           | 544,941                    | -                      | -                     | -                    | -                       |
| Lease liabilities                    | 745,465                    | 958,053                           | 21,450                     | 16,317                 | 32,833                | 59,294               | 828,159                 |
| Redeemable preferred stock           | 40,000                     | 40,500                            | 300                        | 40,200                 | -                     | -                    | -                       |
| Deposits Received                    | 59,311                     | 59,311                            | -                          | -                      | -                     | -                    | 59,311                  |
|                                      | <u>\$ 2,735,761</u>        | <u>2,949,681</u>                  | <u>1,883,431</u>           | <u>86,653</u>          | <u>32,833</u>         | <u>59,294</u>        | <u>887,470</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:

|                        | September 30, 2023  |                  |       |           | December 31, 2022   |                  |           | September 30, 2022  |                  |           |
|------------------------|---------------------|------------------|-------|-----------|---------------------|------------------|-----------|---------------------|------------------|-----------|
|                        | Foreign<br>currency | Exchange<br>rate | NTD   |           | Foreign<br>currency | Exchange<br>rate | NTD       | Foreign<br>currency | Exchange<br>rate | NTD       |
| Financial assets:      |                     |                  |       |           |                     |                  |           |                     |                  |           |
| <u>Monetary item</u>   |                     |                  |       |           |                     |                  |           |                     |                  |           |
| USD                    | \$                  | 112,901          | 32.28 | 3,644,450 | 76,938              | 30.73            | 2,364,298 | 117,590             | 31.77            | 3,735,846 |
| Financial liabilities: |                     |                  |       |           |                     |                  |           |                     |                  |           |
| <u>Monetary item</u>   |                     |                  |       |           |                     |                  |           |                     |                  |           |
| USD                    |                     | 52,943           | 32.28 | 1,708,999 | 34,183              | 30.73            | 1,050,446 | 51,099              | 31.77            | 1,623,408 |

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 September 30, 2023 and 2022 would have increased (decreased) the net profit after tax by \$77,418 thousand and \$84,498 thousand for the nine months ended September 30, 2023 and 2022, respectively, with all other variables remaining constant. The analysis is performed on the same basis in 2023 and 2022.

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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 (including realized and unrealized portions) amounted to \$81,128 thousand and \$264,332 thousand for the nine months ended September 30, 2023 and 2022, respectively.

(iv) Other market price risk

For the nine months ended September 30, 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:

|   | For the nine months ended<br>September 30<br>2023 |            | For the nine months ended<br>September 30<br>2022 |            |
|---|---|------------|---|------------|
| Prices of securities at<br>the reporting date | Other<br>comprehensive<br>income<br>after tax     | Net income | Other<br>comprehensive<br>income<br>after tax     | Net income |
| Increase 5%                                   | \$ 12,635   | 52,187     | 11,375  | 48,994     |
| Decrease 5%                                   | \$ (12,635)                                       | (52,187)   | (11,375)  | (48,994)   |

(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:

|   | September 30, 2023 |         |         |           |           |
|---|--------------------|---------|---------|-----------|-----------|
|   | Fair Value         |         |         |           |           |
|   | Book value         | Level 1 | Level 2 | Level 3   | total     |
| Financial assets at fair value through profit or loss (current and non-current) | \$ 1,919,185       | 629,798 | -       | 1,289,387 | 1,919,185 |
| Financial assets at fair value through other comprehensive income               |                    |         |         |           |           |
| Stocks  | 315,866            | -       | 299,355 | 16,511    | 315,866   |
| Accounts receivable   | 1,003,874          | -       | -       | -         | -         |
| Subtotal  | 1,319,740          | -       | 299,355 | 16,511    | 315,866   |

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

| September 30, 2023  |                     |                |                |                  |                  |
|---|---------------------|----------------|----------------|------------------|------------------|
|   | Book value          | Fair Value     |                |                  | total            |
|   |                     | Level 1        | Level 2        | Level 3          |                  |
| Financial assets measured at amortized cost                                     |                     |                |                |                  |                  |
| Cash and cash equivalents   | 2,558,135           | -              | -              | -                | -                |
| Notes and accounts receivable   | 437,958             | -              | -              | -                | -                |
| Other receivables   | 1,101,160           | -              | -              | -                | -                |
| Financial assets measured at amortized cost (current and non-current)           | 686,409             | -              | -              | -                | -                |
| Guarantee deposits (current and non-current)                                    | 76,494              | -              | -              | -                | -                |
| Subtotal  | 4,860,156           | -              | -              | -                | -                |
| Total   | <u>\$ 8,099,081</u> | <u>629,798</u> | <u>299,355</u> | <u>1,305,898</u> | <u>2,235,051</u> |
| Financial liabilities measured at amortized cost                                |                     |                |                |                  |                  |
| Short-term borrowings   | \$ 40,000           | -              | -              | -                | -                |
| Notes and accounts payable  | 1,291,052           | -              | -              | -                | -                |
| Other payables  | 793,945             | -              | -              | -                | -                |
| Lease liabilities (current and non-current)                                     | 725,453             | -              | -              | -                | -                |
| Dividends Payable   | 607,761             | -              | -              | -                | -                |
| Long-term borrowings  | 468,640             | -              | -              | -                | -                |
| Guarantee deposits received   | 48,797              | -              | -              | -                | -                |
| Total   | <u>\$ 3,975,648</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  | 715,825             | -              | 292,495        | 13,096           | 305,591          |
| 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  | 4,103,447           | -              | -              | -                | -                |
| Total   | <u>\$ 6,817,277</u> | <u>672,750</u> | <u>391,203</u> | <u>1,239,643</u> | <u>2,303,596</u> |

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

|   |                     | December 31, 2022  |                |                  |                  |
|---|---------------------|--------------------|----------------|------------------|------------------|
|   |                     | Fair Value         |                |                  |                  |
|   | Book value          | Level 1            | Level 2        | Level 3          | total            |
| 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>\$ 2,230,002</u> | <u>-</u>           | <u>-</u>       | <u>-</u>         | <u>-</u>         |
|   |                     | September 30, 2022 |                |                  |                  |
|   |                     | Fair Value         |                |                  |                  |
|   | Book value          | Level 1            | Level 2        | Level 3          | total            |
| Financial assets at fair value through profit or loss (current and non-current) |                     |                    |                |                  |                  |
|   | \$ 1,986,066        | 594,794            | 170,993        | 1,220,279        | 1,986,066        |
| Financial assets at fair value through other comprehensive income               |                     |                    |                |                  |                  |
| Stocks  | 284,373             | -                  | 267,820        | 16,553           | 284,373          |
| Accounts receivable   | 849,630             | -                  | -              | -                | -                |
| Subtotal  | <u>1,134,003</u>    | <u>-</u>           | <u>267,820</u> | <u>16,553</u>    | <u>284,373</u>   |
| Financial assets measured at amortized cost                                     |                     |                    |                |                  |                  |
| Cash and cash equivalents   | 2,786,327           | -                  | -              | -                | -                |
| Notes and accounts receivable   | 420,300             | -                  | -              | -                | -                |
| Other receivables   | 939,300             | -                  | -              | -                | -                |
| Financial assets measured at amortized cost (current and non-current)           | 396,610             | -                  | -              | -                | -                |
| Guarantee deposits(current and non-current)                                     | 170,663             | -                  | -              | -                | -                |
| Subtotal  | <u>4,713,200</u>    | <u>-</u>           | <u>-</u>       | <u>-</u>         | <u>-</u>         |
| Total   | <u>\$ 7,833,269</u> | <u>594,794</u>     | <u>438,813</u> | <u>1,236,832</u> | <u>2,270,439</u> |
| Financial liabilities measured at amortized cost                                |                     |                    |                |                  |                  |
| Short-term borrowings   | 80,000              | -                  | -              | -                | -                |
| Notes and accounts receivables  | 1,266,044           | -                  | -              | -                | -                |
| Other payables  | 544,941             | -                  | -              | -                | -                |
| Lease liabilities (current and non-current)                                     | 745,465             | -                  | -              | -                | -                |
| Redeemable preferred stock  | 40,000              | -                  | -              | -                | -                |
| Guarantee deposits received   | 59,311              | -                  | -              | -                | -                |
| Total   | <u>\$ 2,735,761</u> | <u>-</u>           | <u>-</u>       | <u>-</u>         | <u>-</u>         |

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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.

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 nine months ended September 30, 2023 and 2022.

4) Reconciliation of Level 3 fair values

|  | <b>Non derivative<br/>mandatorily<br/>measured at fair<br/>value through<br/>profit or loss<br/>(held-for-trading<br/>financial assets)</b> | <b>Financial assets<br/>at fair value<br/>through other<br/>comprehensive<br/>income</b> | <b>Total</b>     |
|--|---|--|------------------|
| Opening balance, January 1, 2023   | \$ 1,226,547  | 13,096   | 1,239,643        |
| Total gains and losses recognized:                                       |   |  |                  |
| In profit or loss  | 89,027  | -  | 89,027           |
| In other comprehensive income  | -   | 3,415  | 3,415            |
| Purchased  | 7,871   | -  | 7,871            |
| Receivables from Capital reduction for<br>redistribution to shareholders | (34,058)  | -  | (34,058)         |
| Ending Balance, September 30, 2023                                       | <u>\$ 1,289,387</u>   | <u>16,511</u>  | <u>1,305,898</u> |

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

|  | <b>Non derivative<br/>mandatorily<br/>measured at fair<br/>value through<br/>profit or loss<br/>(held-for-trading<br/>financial assets)</b> | <b>Financial assets<br/>at fair value<br/>through other<br/>comprehensive<br/>income</b> | <b>Total</b>     |
|--|---|--|------------------|
| Opening balance, January 1, 2022   | \$ 1,053,977  | 20,969   | 1,074,946        |
| Total gains and losses recognized:                                       |   |  |                  |
| In profit or loss  | (117,773)   | -  | (117,773)        |
| In other comprehensive income  | -   | (4,416)  | (4,416)          |
| Purchased  | 328,706   | -  | 328,706          |
| Receivables from Capital reduction for<br>redistribution to shareholders | (40,648)  | -  | (40,648)         |
| disposal   | (3,983)   | -  | (3,983)          |
| Ending Balance, September 30, 2022                                       | <u>\$ 1,220,279</u>   | <u>16,553</u>  | <u>1,236,832</u> |

For the nine months ended September 30, 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:

|  | <b>For the three months ended<br/>September 30</b> |             | <b>For the nine months ended<br/>September 30</b> |             |
|--|--|-------------|---|-------------|
|  | <b>2023</b>  | <b>2022</b> | <b>2023</b>                                       | <b>2022</b> |
| Total gains and losses<br>recognized:  |  |             |   |             |
| In profit or loss, and<br>presented in “other<br>gains and losses”   | \$ 1,737   | (22,623)    | 89,027  | (117,773)   |
| In other<br>comprehensive<br>income, and<br>presented in<br>“unrealized gains<br>and losses from<br>financial assets at<br>fair value through<br>other<br>comprehensive<br>income” | (1,744)  | (2,208)     | 3,415   | (4,416)     |
| 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”.

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Quantified information of significant unobservable inputs was as follows:

| <b>Item</b>   | <b>Valuation technique</b> | <b>Significant unobservable inputs</b>   | <b>Inter-relationship between significant unobservable inputs and fair value measurement</b>  |
|---|----------------------------|--|---|
| Financial assets at fair value through profit or loss - equity investments without an active market | Market Comparison Method   | <ul style="list-style-type: none"> <li>Price-to-book ratio (September 30, 2023, December 31, 2022 and September 30, 2022: 1.54 to 1.79, 1.09 to 1.31 and 1.13, 1.23)</li> <li>Liquidity discount (September 30, 2023, December 31, 2022 and September 30, 2022: 27.43% to 30%, 28.62% to 30% and 25.31%, 30%)</li> <li>Enterprise-Value-to-Revenue Multiple (September 30, 2023, December 31, 2022 and September 30, 2022: 1.73, 1.85 and 1.68)</li> </ul> | <ul style="list-style-type: none"> <li>The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> <li>the price-to-book ratio were higher (lower);</li> <li>the liquidity discount were lower (higher);</li> <li>the enterprise-value-to-revenue multiple were higher (lower); or</li> </ul> </li> </ul> |
| 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).  |

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:

|   |                     | <b>Increase or decrease</b> | <b>Profit or loss</b> |                    |
|---|---------------------|-----------------------------|-----------------------|--------------------|
|   | <b>Inputs</b>       |                             | <b>Favorable</b>      | <b>Unfavorable</b> |
| <b>September 30, 2023</b>                             |                     |                             |                       |                    |
| Financial assets at fair value through profit or loss |                     |                             |                       |                    |
| Equity investments without an active market           | Valuation multiples | 10%                         | \$ 1,187              | (1,187)            |
|   | Liquidity discount  | 10%                         | 506                   | (506)              |
|   | Net Asset Value     | 10%                         | 127,746               | (127,746)          |
| <b>December 31, 2022</b>                              |                     |                             |                       |                    |
| 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)          |
| <b>September 30, 2022</b>                             |                     |                             |                       |                    |
| Financial assets at fair value through profit or loss |                     |                             |                       |                    |
| Equity investments without an active market           | Valuation multiples | 10%                         | \$ 974                | (974)              |
|   | Liquidity discount  | 10%                         | 369                   | (369)              |
|   | Net Asset Value     | 10%                         | 121,058               | (121,058)          |

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
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(x) 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.

(y) 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 September 30, 2023 and 2022, were as follows:

(i) For right-of-use assets under leases, please refer to note 6(j).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

|   | January 1, 2023   | Cash flows     | Non-cash changes          |               | September 30, 2023 |
|---|-------------------|----------------|---------------------------|---------------|--------------------|
|   |                   |                | Foreign exchange movement | Others        |                    |
| Short-term borrowings                       | \$ 80,000         | (40,000)       | -                         | -             | 40,000             |
| Long-term borrowings                        | -                 | 468,640        | -                         | -             | 468,640            |
| Lease liabilities                           | 735,295           | (20,036)       | (25)                      | 10,219        | 725,453            |
| Preferred stock liabilities                 | 40,000            | (40,000)       | -                         | -             | -                  |
| Guarantee deposits received                 | 65,212            | (16,415)       | -                         | -             | 48,797             |
| Total liabilities from financing activities | <u>\$ 920,507</u> | <u>352,189</u> | <u>(25)</u>               | <u>10,219</u> | <u>1,282,890</u>   |

|   | January 1, 2022   | Cash flows    | Non-cash changes          |               | September 30, 2022 |
|---|-------------------|---------------|---------------------------|---------------|--------------------|
|   |                   |               | Foreign exchange movement | Others        |                    |
| Short-term borrowings                       | \$ 30,000         | 50,000        | -                         | -             | 80,000             |
| Long-term borrowings                        | -                 | (24,679)      | -                         | 24,679        | -                  |
| Lease liabilities                           | 693,369           | (15,780)      | 347                       | 67,529        | 745,465            |
| Guarantee deposits received                 | 36,641            | 22,668        | 2                         | -             | 59,311             |
| Total liabilities from financing activities | <u>\$ 760,010</u> | <u>32,209</u> | <u>349</u>                | <u>92,208</u> | <u>884,776</u>     |

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(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   |
|------------------------------|---|
| Metanoia Communications Inc. | Metanoia was originally a subsidiary of the Group. However, the Company lost control over Metanoia on June 30, 2023; hence it became an associated enterprise of the Group from the date. |

All directors, supervisors, president and vice president of the Group's key management personnel.

(b) Significant transactions with related parties

(i) Raw materials purchasing services and other operating income

|                     | For the three months ended<br>September 30 |      | For the nine months ended<br>September 30 |      |
|---------------------|--|------|---|------|
|                     | 2023                                       | 2022 | 2023                                      | 2022 |
| Associates-Metanoia | \$ 920                                     | -    | 920                                       | -    |

(ii) Receivable from related parties

The receivables from related parties were as follows:

| Accounts             | Types of related parties | September 30,<br>2023 | December 31,<br>2022 | September 30,<br>2022 |
|----------------------|--------------------------|-----------------------|----------------------|-----------------------|
| Accounts receivables | Associates-Metanoia      | \$ 654                | -                    | -                     |
| Other receivables    | Associates-Metanoia      | 13,087                | -                    | -                     |
|                      |                          | \$ 13,741             | -                    | -                     |

(c) Key management personnel compensation

|                              | For the three months ended<br>September 30 |        | For the nine months ended<br>September 30 |        |
|------------------------------|--|--------|---|--------|
|                              | 2023                                       | 2022   | 2023                                      | 2022   |
| Short-term employee benefits | \$ 28,424                                  | 20,397 | 70,276                                    | 84,095 |
| Post-employment benefits     | 167  | 149    | 505                                       | 425    |
|                              | \$ 28,591                                  | 20,546 | 70,781                                    | 84,520 |

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

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

| <b>Pledge assets</b>  | <b>Pledged to secure</b>                                | <b>September 30,<br/>2023</b> | <b>December 31,<br/>2022</b> | <b>September 30,<br/>2022</b> |
|---|---|-------------------------------|------------------------------|-------------------------------|
| Current financial assets at amortized cost<br>(Certificate Deposit)     | Guarantee of the creditors of the purchase transactions | \$ -                          | 92,190                       | 95,310                        |
| Non-current financial assets at amortized cost<br>(Certificate Deposit) | Use land guarantee for Hsinchu Science Park Bureau      | 7,400                         | 7,400                        | 7,400                         |
| Current financial assets at amortized cost (Reserve Account)            | Performance guarantee for government grant              | 18,522                        | -                            | -                             |
|   |   | <u><u>\$ 25,922</u></u>       | <u><u>99,590</u></u>         | <u><u>102,710</u></u>         |

**(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 September 30, 2023, December 31 and September 30, 2022, the financial institutions had issued performance guarantees amounting to \$3,000 thousand, \$6,000 thousand, and \$3,000 thousand, respectively.
- (b) As of September 30, 2023, December 31 and September 30, 2022, the refundable notes payable for short-term borrowings amounted to \$2,875,000 thousand, \$3,015,000 thousand, and \$3,015,000 thousand, respectively.
- (c) As of September 30, 2023, December 31 and September 30, 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 September 30, 2023, December 31 and September 30, 2022, the Group paid the security deposit of \$27,000 thousand, \$27,000 thousand, and \$131,452 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.

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(e) Government grant

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 September 30, 2023, the subsidy of \$23,620 thousand, which had been received by the Group was recognized as "Other Current Liabilities". As of September 30, 2023, December 31 and September 30, 2022, the financial institutions have issued performance guarantee amounting to \$41,729 thousand, \$23,620 thousand, and \$0 thousand respectively.

(f) As of September 30, 2023, December 31 and September 30, 2022, 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 \$12,208 thousand, \$19,054 thousand, and \$19,054 thousand respectively.

(g) The Group signed a project contract at April 28, 2023 (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. (tax included), as of September 30, 2023, the unrecognized contract commitment amount is \$5,272,200 thousand.

**(10) Losses due to major disasters: None.**

**(11) Subsequent events: None.**

**(12) Others:**

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

|                            | For the three months ended September 30 |                   |         |                |                   |         |
|----------------------------|---|-------------------|---------|----------------|-------------------|---------|
|                            | 2023                                    |                   |         | 2022           |                   |         |
|                            | Operating cost                          | Operating expense | Total   | Operating cost | Operating expense | Total   |
| Employee benefits          |   |                   |         |                |                   |         |
| Salaries and wages         | \$ 77,646                               | 493,151           | 570,797 | 75,276         | 471,032           | 546,308 |
| Labor and health insurance | 5,670                                   | 27,286            | 32,956  | 7,498          | 31,095            | 38,593  |
| Pension                    | 2,379                                   | 19,095            | 21,474  | 2,367          | 18,833            | 21,200  |
| Others                     | 5,014                                   | 12,096            | 17,110  | 5,203          | 11,614            | 16,817  |
| Depreciation               | 15,174                                  | 23,987            | 39,161  | 15,671         | 27,676            | 43,347  |
| Amortization               | 2,015                                   | 41,592            | 43,607  | 1,866          | 38,105            | 39,971  |

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

|                            | For the nine months ended September 30 |                    |           |                 |                    |           |
|----------------------------|--|--------------------|-----------|-----------------|--------------------|-----------|
|                            | 2023                                   |                    |           | 2022            |                    |           |
|                            | Operating costs                        | Operating expenses | Total     | Operating costs | Operating expenses | Total     |
| Employee benefits          |  |                    |           |                 |                    |           |
| Salaries and wages         | \$ 210,189                             | 1,415,144          | 1,625,333 | 242,111         | 1,493,816          | 1,735,927 |
| Labor and health insurance | 18,627                                 | 87,188             | 105,815   | 22,067          | 89,685             | 111,752   |
| Pension                    | 7,296                                  | 58,195             | 65,491    | 7,012           | 55,486             | 62,498    |
| Others                     | 14,549                                 | 35,778             | 50,327    | 17,289          | 36,284             | 53,573    |
| Depreciation               | 45,814                                 | 79,170             | 124,984   | 44,315          | 78,912             | 123,227   |
| Amortization               | 7,701                                  | 149,230            | 156,931   | 5,147           | 110,987            | 116,134   |

(b) Seasonality of operations

In the third quarter of 2023, due to the obvious destocking of terminal inventories in the laptop market, orders from brand customers gradually resumed. At the same time, coupled with the rush order effect, the performance exceeded expectations. The Company's five major product lines including touch panel modules, touch screen chips, fingerprint recognition chips, pointing devices, microcontrollers, all performed better than the second quarter. Overall, the Group's revenue, gross profit margin, and after-tax profit in the third quarter of 2023 are better than those in the second quarter.

(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 nine months ended September 30, 2023:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of September 30, 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 InvestmentCorp.              | Stock:<br>Finemat Applied Materials Co., Ltd.  | -                         | Non-current financial assets at fair value through profit or loss             | 8,900                    | \$ 266,566       | 13.41                       | \$ 266,566       | Note1 |
| Elan Investment Corp.             | Elan Microelectronics Corporation              | Subsidiary                | Non-current financial assets at fair value through other comprehensive income | 12,438                   | 1,660,500        | 4.09                        | 1,660,500        |       |
| Elan Microelectronics Corporation | ThroughTek Co., Ltd.                           | -                         | Non-current financial assets at fair value through other comprehensive income | 1,077                    | 16,511           | 4.13                        | 16,511           |       |
| Elan Microelectronics Corporation | Macroblock, Inc.                               | -                         | Non-current financial assets at fair value through other comprehensive income | 3,500                    | 299,355          | 7.87                        | 299,355          |       |
|                                   |  |                           |   |                          | <u>2,242,932</u> |                             | <u>2,242,932</u> |       |
|                                   | Certificates of beneficial interest:           |                           |   |                          |                  |                             |                  |       |
| Elan Microelectronics Corporation | Fubon Chi-Hsiang Money Market Fund             | -                         | Current financial assets at fair value through profit or loss                 | 1,252                    | 20,099           | -                           | 20,099           |       |
| Elan Microelectronics Corporation | Diversified FX Trading Segregated Portfolio    | -                         | Current financial assets at fair value through profit or loss                 | 218                      | -                | -                           | -                |       |
| Elan Microelectronics Corporation | Vertex Growth (SG) LP                          | -                         | Non-current financial assets at fair value through other comprehensive income | -                        | 241,953          | -                           | 241,953          |       |
| Elan Microelectronics Corporation | Vertex Growth II (SG) LP                       | -                         | Non-current financial assets at fair value through profit or loss             | -                        | 9,313            | -                           | 9,313            |       |
| Elan InvestmentCorp.              | FSITC US Top 100 Bond Fund Acc TWD             | -                         | Current financial assets at fair value through profit or loss                 | 1,500                    | 13,675           | -                           | 13,675           |       |
| Elan InvestmentCorp.              | FSITC Global Wealthy Nations Bond Fund Acc TWD | -                         | Current financial assets at fair value through profit or loss                 | 2,629                    | 23,759           | -                           | 23,759           |       |
| Elan InvestmentCorp.              | FSITC Global Video Gaming & eSports Fund       | -                         | Current financial assets at fair value through profit or loss                 | 500                      | 5,715            | -                           | 5,715            |       |
| Elan InvestmentCorp.              | FSITC Global Health & Weight Loss Fund         | -                         | Current financial assets at fair value through profit or loss                 | 500                      | 4,105            | -                           | 4,105            |       |
| Elan InvestmentCorp.              | FSITC Taiwan Core Strategic Construction Fund  | -                         | Current financial assets at fair value through profit or loss                 | 1,000                    | 12,800           | -                           | 12,800           |       |
| Elan InvestmentCorp.              | Nomura Global Short Duration Bond Fund TWD     | -                         | Current financial assets at fair value through profit or loss                 | 9,484                    | 100,263          | -                           | 100,263          |       |
| Elan InvestmentCorp.              | Nomura Global Financial Bond Fund Acc TWD      | -                         | Current financial assets at fair value through profit or loss                 | 3,589                    | 35,021           | -                           | 35,021           |       |
| Elan InvestmentCorp.              | Taishin Global Multi-asset Fund of Funds A TWD | -                         | Current financial assets at fair value through profit or loss                 | 1,000                    | 11,550           | -                           | 11,550           |       |

(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 Disruptive Innovation Fund                  | -                         | Current financial assets at fair value through profit or loss                 | 1,500                    | \$ 20,115      | -                           | \$ 20,115      |       |
| Elan InvestmentCorp.              | Taishin North American Income Trust Fund-A                 | -                         | Current financial assets at fair value through profit or loss                 | 1,943                    | 49,286         | -                           | 49,286         |       |
| Elan InvestmentCorp.              | Taishin ESG Emerging Markets Bond Fund A TWD               | -                         | Current financial assets at fair value through profit or loss                 | 3,003                    | 25,145         | -                           | 25,145         |       |
| Elan InvestmentCorp.              | Taishin Short Duration Emerging High Yield Bond Fund A-TWD | -                         | Current financial assets at fair value through profit or loss                 | 4,200                    | 41,699         | -                           | 41,699         |       |
| Elan Microelectronics Corporation | Diversified FX Trading Segregated Portfolio                | -                         | Current financial assets at fair value through profit or loss                 | 589                      | -              | -                           | -              | Note1 |
|                                   |  |                           |   |                          | <b>614,498</b> |                             | <b>614,498</b> |       |
|                                   | 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 | Chino-Excel Technology Corporation                         | -                         | Non-current financial assets at fair value through other comprehensive income | 823                      | -              | 1.48                        | -              |       |
| Elan Microelectronics Corporation | Chino-Excel Technology Corporation                         | -                         | Non-current financial assets at fair value through other comprehensive income | 823                      | -              | 1.48                        | -              |       |
| Elan Microelectronics Corporation | Chino-Excel Technology Corporation                         | -                         | Non-current financial assets at fair value through other comprehensive income | 823                      | -              | 1.48                        | -              |       |
| Elan Microelectronics Corporation | Chino-Excel Technology Corporation                         | -                         | Non-current financial assets at fair value through other comprehensive income | 823                      | -              | 1.48                        | -              |       |
| Elan Microelectronics Corporation | Chino-Excel Technology Corporation                         | -                         | Non-current financial assets at fair value through other comprehensive income | 823                      | -              | 1.48                        | -              |       |
| Elan Microelectronics Corporation | Chino-Excel Technology Corporation                         | -                         | Non-current financial assets at fair value through other comprehensive income | 823                      | -              | 1.48                        | -              |       |
| 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                      | 6,092          | 0.94                        | 6,092          |       |
| 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 | 84                       | 167            | 2.17                        | 167            |       |

(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 | TOP TAIWAN VII VENTURE CAPITAL CO., LTD.  | -                         | Non-current financial assets at fair value through other comprehensive income | 178                      | \$ 4,104       | 6.12                        | \$ 4,104   |      |
| Elan Microelectronics Corporation | TOP TAIWAN VIII VENTURE CAPITAL CO., LTD. | -                         | Non-current financial assets at fair value through other comprehensive income | 725                      | 11,423         | 4.17                        | 11,423     |      |
| Elan Microelectronics Corporation | Midastouch Research Corporation           | -                         | Non-current financial assets at fair value through other comprehensive income | 2,500                    | 4,800          | 8.16                        | 4,800      |      |
| Elan Microelectronics Corporation | TOP TAIWAN IX VENTURE CAPITAL CO., LTD.   | -                         | Non-current financial assets at fair value through other comprehensive income | 2,625                    | 57,368         | 6.25                        | 57,368     |      |
| Elan Microelectronics Corporation | TOP TAIWAN IX VENTURE CAPITAL CO., LTD.   | -                         | Non-current financial assets at fair value through other comprehensive income | 2,625                    | 57,368         | 6.25                        | 57,368     |      |
| Elan Microelectronics Corporation | TOP TAIWAN IX VENTURE CAPITAL CO., LTD.   | -                         | Non-current financial assets at fair value through other comprehensive income | 2,625                    | 57,368         | 6.25                        | 57,368     |      |
| Elan Microelectronics Corporation | TOP TAIWAN IX VENTURE CAPITAL CO., LTD.   | -                         | Non-current financial assets at fair value through other comprehensive income | 2,625                    | 57,368         | 6.25                        | 57,368     |      |
| Elan Microelectronics Corporation | TOP TAIWAN IX VENTURE CAPITAL CO., LTD.   | -                         | Non-current financial assets at fair value through other comprehensive income | 2,625                    | 57,368         | 6.25                        | 57,368     |      |
| Elan Microelectronics Corporation | TOP TAIWAN IX VENTURE CAPITAL CO., LTD.   | -                         | Non-current financial assets at fair value through other comprehensive income | 2,625                    | 57,368         | 6.25                        | 57,368     |      |
| Elan Microelectronics Corporation | TOP TAIWAN IX VENTURE CAPITAL CO., LTD.   | -                         | Non-current financial assets at fair value through other comprehensive income | 2,625                    | 57,368         | 6.25                        | 57,368     |      |
| Elan Microelectronics Corporation | TOP TAIWAN IX VENTURE CAPITAL CO., LTD.   | -                         | Non-current financial assets at fair value through other comprehensive income | 2,625                    | 57,368         | 6.25                        | 57,368     |      |
| Elan Microelectronics Corporation | TOP TAIWAN IX VENTURE CAPITAL CO., LTD.   | -                         | Non-current financial assets at fair value through other comprehensive income | 2,625                    | 57,368         | 6.25                        | 57,368     |      |
| Elan Microelectronics Corporation | TOP TAIWAN IX VENTURE CAPITAL CO., LTD.   | -                         | Non-current financial assets at fair value through other comprehensive income | 2,625                    | 57,368         | 6.25                        | 57,368     |      |
| Elan Microelectronics Corporation | TOP TAIWAN IX VENTURE CAPITAL CO., LTD.   | -                         | Non-current financial assets at fair value through other comprehensive income | 2,625                    | 57,368         | 6.25                        | 57,368     |      |
| Elan Microelectronics Corporation | TOP TAIWAN IX VENTURE CAPITAL CO., LTD.   | -                         | Non-current financial assets at fair value through other comprehensive income | 2,625                    | 57,368         | 6.25                        | 57,368     |      |
| Elan Microelectronics Corporation | Inno Bridge Venture Capital               | -                         | Non-current financial assets at fair value through other comprehensive income | 800                      | 2,397          | 11.35                       | 2,397      |      |
| 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                    | 34,775         | 10.00%                      | 34,775     |      |
| Elan Microelectronics Corporation | TOP TAIWAN XI VENTURE CAPITAL CO., LTD.   | -                         | Non-current financial assets at fair value through other comprehensive income | 3,413                    | 79,183         | 6.25%                       | 79,183     |      |

(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 | 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                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD. | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD. | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD. | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD. | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD. | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD. | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD. | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD. | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD. | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD. | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD. | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD. | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD. | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD. | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD. | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD. | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |

(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 | TOP TAIWAN XII VENTURE CAPITAL CO., LTD.                | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | \$ 312,634     | 18.52%                      | \$ 312,634 |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD.                | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD.                | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD.                | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XII VENTURE CAPITAL CO., LTD.                | -                         | Non-current financial assets at fair value through other comprehensive income | 25,000                   | 312,634        | 18.52%                      | 312,634    |      |
| 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             | -                        | 47,389         | 3.19%                       | 47,389     |      |
| Elan Microelectronics Corporation | TOP TAIWAN XIII VENTURE CAPITAL CO., LTD.               | -                         | Non-current financial assets at fair value through profit or loss             | 15,000                   | 144,797        | 17.44%                      | 144,797    |      |
| Elan Microelectronics Corporation | TOP TAIWAN XIV VENTURE CAPITAL CO., LTD.                | -                         | Non-current financial assets at fair value through profit or loss             | 29,000                   | 290,500        | 13.30%                      | 290,500    |      |
| Elan Microelectronics Corporation | Cruise 10 Co., Ltd                                      | -                         | Non-current financial assets at fair value through profit or loss             | 625                      | 3,537          | 5.26%                       | 3,537      |      |
| Elan InvestmentCorp.              | Panther Technology Co., Ltd.                            | -                         | Non-current financial assets at fair value through profit or loss             | 1,396                    | 24,998         | 3.88%                       | 24,998     |      |
| 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                      | 326            | 2.70%                       | 326        |      |
| Elan InvestmentCorp.              | ZQAM Communications Corporation - Preferred shares      | -                         | Non-current financial assets at fair value through profit or loss             | 250                      | 579            | 1.07%                       | 579        |      |
| Elan InvestmentCorp.              | e-Formula Technologies, Inc.                            | -                         | Non-current financial assets at fair value through profit or loss             | 550                      | 6,544          | 2.53%                       | 6,544      |      |
| 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                      | 5,108          | 1.13%                       | 5,108      |      |
| 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                   | 1,400          | 14.29%                      | 1,400      |      |
| Elan InvestmentCorp.              | Taiwan Intelligent Connect Co., Ltd. - Preferred shares | -                         | Non-current financial assets at fair value through profit or loss             | 10,000                   | 1,400          | 14.29%                      | 1,400      |      |
| Elan InvestmentCorp.              | Taiwan Intelligent Connect Co., Ltd. - Preferred shares | -                         | Non-current financial assets at fair value through profit or loss             | 10,000                   | 1,400          | 14.29%                      | 1,400      |      |

(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. | Taiwan Intelligent Connect Co., Ltd. - Preferred shares | -                         | Non-current financial assets at fair value through profit or loss | 10,000                   | \$ 1,400         | 14.29%                      | \$ 1,400         |      |
| Elan InvestmentCorp. | Taiwan Intelligent Connect Co., Ltd. - Preferred shares | -                         | Non-current financial assets at fair value through profit or loss | 10,000                   | 1,400            | 14.29%                      | 1,400            |      |
| Elan InvestmentCorp. | Taiwan Intelligent Connect Co., Ltd. - Preferred shares | -                         | Non-current financial assets at fair value through profit or loss | 10,000                   | 1,400            | 14.29%                      | 1,400            |      |
| Elan InvestmentCorp. | Taiwan Intelligent Connect Co., Ltd. - Preferred shares | -                         | Non-current financial assets at fair value through profit or loss | 10,000                   | 1,400            | 14.29%                      | 1,400            |      |
| Elan InvestmentCorp. | Taiwan Intelligent Connect Co., Ltd. - Preferred shares | -                         | Non-current financial assets at fair value through profit or loss | 10,000                   | 1,400            | 14.29%                      | 1,400            |      |
| Elan InvestmentCorp. | Taiwan Intelligent Connect Co., Ltd. - Preferred shares | -                         | Non-current financial assets at fair value through profit or loss | 10,000                   | 1,400            | 14.29%                      | 1,400            |      |
| Elan InvestmentCorp. | Genius Vision Digital Inc.                              | -                         | Non-current financial assets at fair value through profit or loss | 370                      | -                | 1.16%                       | -                |      |
|                      |   |                           |   |                          | <u>1,038,121</u> |                             | <u>1,038,121</u> |      |

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

- (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:

(In Thousands of New Taiwan Dollars)

| Name of company                   | Name of property              | Transaction date | Transaction amount       | Status of payment        | Counter-party                  | Relationship with the Company | If the counter-party is a related party, disclose the previous transfer information |                               |                  |        | References for determining price                               | Purpose of acquisition and current condition | Others |
|-----------------------------------|-------------------------------|------------------|--------------------------|--------------------------|--------------------------------|-------------------------------|---|-------------------------------|------------------|--------|--|--|--------|
|                                   |                               |                  |                          |                          |                                |                               | Owner   | Relationship with the Company | Date of transfer | Amount |  |  |        |
| Elan Microelectronics Corporation | New factory in Zhubei AI Park | 2023.4.28        | 5,858,000 (Tax included) | 5,858,000 (Tax included) | LeeMing Construction CO., LTD. | none                          |   |                               |                  | -      | Not applicable due to commissioned construction of leased land | To meet the needs of future operations       | 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                | \$ 231,880 | 2.59 %                              | Open Account 45 Days | -   |               | \$ 28,555                           | 1.98%   |      |

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.

(Continued)

## ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

(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         | \$ 231,880 | Open Account 45 Days | 2.59%  |
| 1   | Elan (H.K.)                       | Elan Microelectronics Corporation | 2                      | Commission revenue        | \$ 181,374 | Monthly settlement   | 2.03%  |

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 nine months ended September 30, 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 September 30, 2023 |                         |                | Net income (losses) of investee | Share of profits/losses of investee | Note   |
|-----------------------------------|--|-------------------------|---|----------------------------|-------------------|----------------------------------|-------------------------|----------------|---------------------------------|-------------------------------------|--------|
|                                   |  |                         |   | September 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 %                | \$ 380,226     | \$ 57,608                       | \$ 57,608                           | Note 1 |
| Elan Microelectronics Corporation | Elan Investment Corp.                      | Taipei, Taiwan          | Investment holding  | 500,000                    | 500,000           | 50,000                           | 100.00 %                | 882,783        | (43,663)                        | (43,663)                            | 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 %                | 14,835         | (1,303)                         | (1,303)                             | Note 1 |
| 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 %                 | (5,382)        | (4,360)                         | (2,136)                             | Note 1 |
| 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 %                 | \$ 145,341     | \$ (157,039)                    | \$ (73,636)                         | Note 3 |
| Elan Microelectronics Corporation | Avionic Technology Corp.                   | Hsin-Chu, Taiwan        | Research, design, develop, manufacture and sale on digital image-process chips  | 224,746                    | 194,226           | 20,569                           | 83.40 %                 | 11,225         | (23,111)                        | (19,876)                            | 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  | 151,138                    | 117,062           | 14,647                           | 92.27 %                 | 45,463         | (22,162)                        | (20,973)                            | 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 %                 | 30,341         | (5,941)                         | (1,099)                             | Note 1 |
| Elan Microelectronics Corporation | TOP TAIWAN X VENTURE CAPITAL CO., LTD.     | Taipei, Taiwan          | Venture capital   | 199,500                    | 210,000           | 19,950                           | 30.00 %                 | 237,425        | 33,397                          | 10,019                              |        |
| Elan Microelectronics Corporation | Uniband Electronic Corp.                   | Hsin-Chu, Taiwan        | Manufactures and sells electronic devices   | 50,000                     | 50,000            | 5,000                            | 24.69 %                 | 6,414          | (9,597)                         | (2,370)                             |        |
| 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                            | 30.83 %                 | 205,356        | (31,002)                        | (14,108)                            | Note 1 |

(Continued)

## 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 September 30, 2023 |                         |                | Net income (losses) of investee | Share of profits/losses of investee | Note   |
|-----------------------------------|--|-----------------------|---|----------------------------|-------------------|----------------------------------|-------------------------|----------------|---------------------------------|-------------------------------------|--------|
|                                   |  |                       |   | September 31, 2023         | December 31, 2022 | Shares (thousands)               | Percentage of ownership | Carrying value |                                 |                                     |        |
| Elan Investment Corp.             | Avisonic Technology Corp.                  | Hsin-Chu, Taiwan      | Research, design, develop, manufacture and sale on digital image-process chips  | 15,754                     | 6,463             | 1,575                            | 6.39 %                  | 884            | (23,111)                        | (872)                               | 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  | 9,990                      | 4,065             | 987                              | 6.22 %                  | 3,065          | (22,162)                        | (743)                               | 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 %                  | 17,130         | (157,039)                       | (1,288)                             | Note 3 |
| 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 %                  | 15,961         | (5,941)                         | (571)                               | Note 1 |
| Elan (H.K.)                       | Power Asia Investment Corporation          | Republic of Mauritius | Investment holding  | 89,572                     | 89,572            | 2,861                            | 100.00 %                | 22,783         | (5,203)                         | (5,203)                             | Note 1 |
| Chimei Motor Electronic CO., LTD. | CHIMEI MOTOR ELECTRONICS (SAMOA) CO., LTD. | Somoa                 | Investment holding  | 52,555                     | 37,145            | 1,750                            | 100.00 %                | 25,865         | (3,412)                         | (3,412)                             | Note 1 |
| Metanoia Communications Inc.      | Metanoia Communication Europe              | France                | Provide technical support and information service   | 18,410                     | 18,410            | 571                              | 100.00 %                | 7,804          | (9,465)                         | (9,465)                             | Note 3 |

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.

Note3: Investee companies that lose control on June 30, 2023.

(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 September 30, 2023 | Net income (losses) of the investee | Percentage of ownership | Investment income (losses) recognized | Carrying value as of September 30, 2023 | Accumulated inward remittance of earnings as of September 30, 2023 |
|---|---|---------------------------------|----------------------|---|------------------|--------|--|-------------------------------------|-------------------------|---------------------------------------|---|--|
|   |   |                                 |                      |   | Outflow          | Inflow |  |                                     |                         |                                       |   |  |
| Elan Micro-electronics (Shanghai) Co., Ltd. | Provide technical support and information service   | \$ 52,095                       | ( 2 )                | \$ 52,095   | -                | -      | \$ 52,095  | \$ 2,215                            | 100.00%                 | \$ 2,215                              | \$ 21,475                               | -  |
| Elan Micro-electronics (Shenzhen) Co., Ltd. | Provide technical support and information service   | 34,670                          | ( 2 )                | 34,670  | -                | -      | 34,670   | (7,441)                             | 100.00%                 | (7,441)                               | 800                                     | -  |
| Gianteye Technology (Shanghai) CO., LTD.    | Development of advanced driver assistance systems and wholesale of automotive electronic products | 52,555                          | ( 2 )                | 37,145  | 15,410           | -      | 52,555   | (3,523)                             | 100.00%                 | (3,523)                               | 25,832                                  | -  |

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.

Note3: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Limitation on investment in Mainland China:

|                                   | Accumulated Investment in<br>Mainland China as of<br>September 30, 2023 | Investment Amounts<br>Authorized by Investment<br>Commission, MOEA | Upper Limit on<br>Investment |
|-----------------------------------|---|--|------------------------------|
| Elan Microelectronics Corporation | \$ 86,765 (USD2,500,000)  | \$ 98,333 (USD2,500,000)   | \$ 4,865,612                 |
| Chimei Motor Electronic CO., LTD. | 52,555 (USD1,750,000)   | 68,103 (USD2,250,000)  | 184,773                      |

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.

**(14) Segment information:**

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

| For the three months ended September 30, 2023 |  |   |   |                             |   |                        |                                   |                  |
|---|--|---|---|-----------------------------|---|------------------------|-----------------------------------|------------------|
|   | Consumer<br>Touch Control<br>Business Unit | Laptop Input<br>Device Business<br>Unit | Network<br>Communication<br>Business Unit | Investment<br>Business Unit | Sales and<br>Retailing<br>Business Unit | Other Business<br>Unit | Reconciliation<br>and elimination | Total            |
| Revenue                                       |  |   |   |                             |   |                        |                                   |                  |
| Revenue from external customers               | \$ 675,332                                 | 2,516,231                               | -   | -                           | 95,007                                  | 215,339                | -                                 | 3,501,909        |
| Intersegment revenues                         | 94,570                                     | -                                       | -   | -                           | 70,767                                  | 4,068                  | (169,405)                         | -                |
| Interest income                               | 5,171                                      | 1,029                                   | -   | -                           | 1,838                                   | 552                    | -                                 | 8,590            |
| Total revenue                                 | <u>\$ 775,073</u>                          | <u>2,517,260</u>                        | <u>-</u>                                  | <u>-</u>                    | <u>167,612</u>                          | <u>219,959</u>         | <u>(169,405)</u>                  | <u>3,510,499</u> |
| Reportable segment profit or loss             | <u>\$ (95,491)</u>                         | <u>1,049,541</u>                        | <u>-</u>                                  | <u>(59,134)</u>             | <u>23,338</u>                           | <u>(14,783)</u>        | <u>56,115</u>                     | <u>959,586</u>   |
| For the three months ended September 30, 2022 |  |   |   |                             |   |                        |                                   |                  |
|   | Consumer<br>Touch Control<br>Business Unit | Laptop Input<br>Device Business<br>Unit | Network<br>Communication<br>Business Unit | Investment<br>Business Unit | Sales and<br>Retailing<br>Business Unit | Other Business<br>Unit | Reconciliation<br>and elimination | Total            |
| Revenue                                       |  |   |   |                             |   |                        |                                   |                  |
| Revenue from external customers               | \$ 409,758                                 | 2,179,103                               | 22,027                                    | -                           | 107,191                                 | 101,115                | -                                 | 2,819,194        |
| Intersegment revenues                         | 98,794                                     | -                                       | -   | -                           | 63,684                                  | 5,798                  | (168,276)                         | -                |
| Interest income                               | 4,866                                      | -                                       | -   | 1                           | 20                                      | 36                     | -                                 | 4,923            |
| Total revenue                                 | <u>\$ 513,418</u>                          | <u>2,179,103</u>                        | <u>22,027</u>                             | <u>1</u>                    | <u>170,895</u>                          | <u>106,949</u>         | <u>(168,276)</u>                  | <u>2,824,117</u> |
| Reportable segment profit or loss             | <u>\$ (211,869)</u>                        | <u>861,785</u>                          | <u>(48,635)</u>                           | <u>(24,007)</u>             | <u>35,983</u>                           | <u>(30,293)</u>        | <u>40,459</u>                     | <u>623,423</u>   |

(Continued)

# ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

| For the nine months ended September 30, 2023  |  |   |   |                             |   |                        |                                      |                   |
|---|--|---|---|-----------------------------|---|------------------------|--------------------------------------|-------------------|
|   | Consumer<br>Touch Control<br>Business Unit | Laptop Input<br>Device<br>Business Unit | Network<br>Communication<br>Business Unit | Investment<br>Business Unit | Sales and<br>Retailing<br>Business Unit | Other<br>Business Unit | Reconciliation<br>and<br>elimination | Total             |
| Revenue                                       |  |   |   |                             |   |                        |                                      |                   |
| Revenue from external customers               | \$ 1,635,380                               | 6,405,224                               | 84,443                                    | -                           | 238,438                                 | 584,984                | -                                    | 8,948,469         |
| Intersegment revenues                         | 239,197                                    | -                                       | -   | -                           | 181,374                                 | 14,540                 | (435,111)                            | -                 |
| Interest income                               | 17,980                                     | 1,029                                   | 444                                       | 461                         | 2,938                                   | 2,618                  | -                                    | 25,470            |
| Total revenue                                 | <u>\$ 1,892,557</u>                        | <u>6,406,253</u>                        | <u>84,887</u>                             | <u>461</u>                  | <u>422,750</u>                          | <u>602,142</u>         | <u>(435,111)</u>                     | <u>8,973,939</u>  |
| Reportable segment profit or loss             | <u>\$ (525,511)</u>                        | <u>2,433,559</u>                        | <u>(124,280)</u>                          | <u>(43,663)</u>             | <u>65,790</u>                           | <u>(87,863)</u>        | <u>95,088</u>                        | <u>1,813,120</u>  |
| Assets:                                       |  |   |   |                             |   |                        |                                      |                   |
| Investments accounted for using equity method | <u>\$ 1,954,026</u>                        | <u>-</u>                                | <u>-</u>                                  | <u>37,040</u>               | <u>-</u>                                | <u>-</u>               | <u>(1,584,756)</u>                   | <u>406,310</u>    |
| Capital expenditure                           | <u>\$ 864,168</u>                          | <u>45,818</u>                           | <u>-</u>                                  | <u>-</u>                    | <u>178</u>                              | <u>24,076</u>          | <u>77,575</u>                        | <u>1,011,815</u>  |
| Reportable segment assets                     | <u>\$ 9,849,139</u>                        | <u>3,370,577</u>                        | <u>-</u>                                  | <u>2,403,883</u>            | <u>458,851</u>                          | <u>827,691</u>         | <u>(3,019,442)</u>                   | <u>13,890,699</u> |
| For the nine months ended September 30, 2022  |  |   |   |                             |   |                        |                                      |                   |
|   | Consumer<br>Touch Control<br>Business Unit | Laptop Input<br>Device<br>Business Unit | Network<br>Communication<br>Business Unit | Investment<br>Business Unit | Sales and<br>Retailing<br>Business Unit | Other<br>Business Unit | Reconciliation<br>and<br>elimination | Total             |
| Revenue                                       |  |   |   |                             |   |                        |                                      |                   |
| Revenue from external customers               | \$ 2,403,317                               | 7,880,578                               | 82,559                                    | -                           | 328,792                                 | 371,135                | -                                    | 11,066,381        |
| Intersegment revenues                         | 349,592                                    | -                                       | -   | -                           | 250,291                                 | 15,795                 | (615,678)                            | -                 |
| Interest income                               | 18,327                                     | 129                                     | 42  | 6                           | 80                                      | 241                    | -                                    | 18,825            |
| Total revenue                                 | <u>\$ 2,771,236</u>                        | <u>7,880,707</u>                        | <u>82,601</u>                             | <u>6</u>                    | <u>579,163</u>                          | <u>387,171</u>         | <u>(615,678)</u>                     | <u>11,085,206</u> |
| Reportable segment profit or loss             | <u>\$ (232,555)</u>                        | <u>2,991,945</u>                        | <u>(119,231)</u>                          | <u>(294,682)</u>            | <u>132,162</u>                          | <u>(87,017)</u>        | <u>313,813</u>                       | <u>2,704,435</u>  |
| Assets:                                       |  |   |   |                             |   |                        |                                      |                   |
| Investments accounted for using equity method | <u>\$ 1,908,381</u>                        | <u>-</u>                                | <u>-</u>                                  | <u>37,597</u>               | <u>-</u>                                | <u>-</u>               | <u>(1,695,440)</u>                   | <u>250,538</u>    |
| Capital expenditure                           | <u>\$ 135,684</u>                          | <u>54,352</u>                           | <u>26,005</u>                             | <u>-</u>                    | <u>20,706</u>                           | <u>24,024</u>          | <u>-</u>                             | <u>260,771</u>    |
| Reportable segment assets                     | <u>\$ 10,685,852</u>                       | <u>2,952,629</u>                        | <u>564,125</u>                            | <u>1,970,945</u>            | <u>581,835</u>                          | <u>886,114</u>         | <u>(3,481,443)</u>                   | <u>14,160,057</u> |