

**ELAN MICROELECTRONICS CORPORATION  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2023 and 2022**

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The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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## **Representation Letter**

The entities that are required to be included in the combined financial statements of ELAN MICROELECTRONICS CORPORATION as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, ELAN MICROELECTRONICS CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: ELAN MICROELECTRONICS CORPORATION

Chairman: Yeh, I-Hau

Date: February 22, 2024



安侯建業聯合會計師事務所  
KPMG

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## Independent Auditors' Report

To the Board of Directors of  
ELAN MICROELECTRONICS CORPORATION:

### Opinion

We have audited the consolidated financial statements of ELAN MICROELECTRONICS CORPORATION and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Other Matter

We did not audit the financial statements of Top Taiwan X Venture Capital Co., Ltd., which represented investment in accounted for using the equity method of the Group. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Top Taiwan X Venture Capital Co., Ltd., is based solely on the report of another auditor. The investment in Top Taiwan X Venture Capital Co., Ltd. accounted for using the equity method constituted 1.69% and 1.79% of the consolidated total assets on December 31, 2023 and 2022, respectively, and the related share of profit of associates accounted for using the equity method constituted 0.40% and (1.82)% of the consolidated total profit before tax for the years then ended, respectively.

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion with other matter paragraph.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **1. Inventory valuation**

Refer to Note (4)(h) for accounting policy on inventory, Note (5) for accounting estimations and assumption uncertainty of inventory valuation, and Note (6)(d) for the write-down of inventories to net realizable value.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the rapid changes in the economy and the environment, and the production technology update, the cost of inventories is at the risk of exceeding its net realizable value.

How the matter was addressed in our audit:

We understand the Group's policy on the write-down of inventories and evaluate whether the methods and assumptions used to provide an allowance for the write-down of inventories are reasonable. Obtain the calculation details of the provision for the write-down of inventories, and check whether those details are consistent with the accounting records. According to the Group's policy on the allowance of write-down of inventories for depreciation losses, recheck whether the allowance is provided in accordance with the policy.

#### **2. Revenue recognition**

Refer to Note (4)(o) and (6)(t) for accounting policy of revenue recognition.

Description of key audit matter:

The major business activities of the Group are the manufacture and sale of integrated circuits. The Group also offers research and development services with respect to the products presented above. Test of revenue recognition is one of the key audit matters in our audit. Revenue is the key indicator to evaluate the performance by investors and management, and thus, needs significant attention in our audit.

How the matter was addressed in our audit:

We understand the main revenue types and transaction conditions, and evaluate whether the timing of revenue recognition is correct; check the sales contracts of major sales objects, and test the Group's internal control methods regarding shipment operations and revenue recognition processes; perform trend analysis of the ten largest customers, so as to assess whether there is any material abnormality; select shipments for a period before and after the balance sheet date of the Group, and check relevant vouchers and forms to determine whether the sales revenue is included in the appropriate period of the financial statements.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)  
February 22, 2024

#### **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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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' audit 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****December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

|                            |                                                                                             | <b>December 31, 2023</b>    |                   | <b>December 31, 2022</b> |                   |                                 |                                                               | <b>December 31, 2023</b>    |                   | <b>December 31, 2022</b> |                   |
|----------------------------|---------------------------------------------------------------------------------------------|-----------------------------|-------------------|--------------------------|-------------------|---------------------------------|---------------------------------------------------------------|-----------------------------|-------------------|--------------------------|-------------------|
| <b>Assets</b>              |                                                                                             | <b>Amount</b>               | <b>%</b>          | <b>Amount</b>            | <b>%</b>          | <b>Liabilities and Equity</b>   |                                                               | <b>Amount</b>               | <b>%</b>          | <b>Amount</b>            | <b>%</b>          |
| <b>Current assets:</b>     |                                                                                             |                             |                   |                          |                   | <b>Current liabilities:</b>     |                                                               |                             |                   |                          |                   |
| 1100                       | Cash and cash equivalents (note (6)(a))                                                     | \$ 2,614,034                | 19                | 2,663,688                | 20                | 2100                            | Short-term borrowings (notes (6)(l) and (9))                  | \$ 40,000                   | -                 | 80,000                   | 1                 |
| 1110                       | Current financial assets at fair value through profit or loss (note (6)(b))                 | 374,100                     | 3                 | 522,248                  | 4                 | 2170                            | Accounts payable                                              | 1,184,992                   | 8                 | 721,448                  | 6                 |
| 1136                       | Current financial assets at amortised cost, net (notes (6)(a) and (8))                      | 1,452,478                   | 10                | 266,390                  | 2                 | 2206                            | Employee bonus payable (note (6)(v))                          | 425,000                     | 3                 | 375,000                  | 3                 |
| 1170                       | Notes and accounts receivable, net (note (6)(c))                                            | 1,116,395                   | 8                 | 719,408                  | 6                 | 2230                            | Current tax liabilities                                       | 229,780                     | 2                 | 309,291                  | 2                 |
| 1200                       | Other receivables (note (6)(c))                                                             | 916,755                     | 7                 | 760,826                  | 6                 | 2280                            | Current lease liabilities (note (6)(n))                       | 27,991                      | -                 | 29,525                   | -                 |
| 1310                       | Inventories, net (note (6)(d))                                                              | 2,111,303                   | 15                | 3,730,924                | 28                | 2325                            | Current preference share liabilities (note (6)(m))            | -                           | -                 | 40,000                   | -                 |
| 1410                       | Prepayments and other current assets (note (9))                                             | <u>38,453</u>               | <u>-</u>          | <u>58,797</u>            | <u>-</u>          | 2399                            | Other current liabilities (note (9))                          | <u>1,416,365</u>            | <u>10</u>         | <u>1,063,518</u>         | <u>8</u>          |
|                            |                                                                                             | <u>8,623,518</u>            | <u>62</u>         | <u>8,722,281</u>         | <u>66</u>         |                                 |                                                               | <u>3,324,128</u>            | <u>23</u>         | <u>2,618,782</u>         | <u>20</u>         |
| <b>Non-current assets:</b> |                                                                                             |                             |                   |                          |                   | <b>Non-Current liabilities:</b> |                                                               |                             |                   |                          |                   |
| 1510                       | Non-current financial assets at fair value through profit or loss (note (6)(b))             | 1,544,760                   | 11                | 1,475,757                | 11                | 2540                            | Long-term borrowings (note (6)(l))                            | 468,640                     | 3                 | -                        | -                 |
| 1517                       | Non-current financial assets at fair value through other comprehensive income (note (6)(e)) | 408,947                     | 3                 | 305,591                  | 3                 | 2570                            | Deferred tax liabilities (note (6)(p))                        | 299                         | -                 | 3,365                    | -                 |
| 1536                       | Non-current financial assets at amortized cost (notes (6)(a) and (8))                       | 7,400                       | -                 | 7,400                    | -                 | 2580                            | Non-current lease liabilities (note (6)(n))                   | 689,408                     | 5                 | 705,770                  | 5                 |
| 1551                       | Investments accounted for using equity method (note (6)(f))                                 | 377,418                     | 3                 | 246,691                  | 2                 | 2640                            | Net defined benefit liability, non-current (note (6)(o))      | 268,584                     | 2                 | 309,479                  | 2                 |
| 1600                       | Property, plant and equipment (note (6)(i))                                                 | 1,517,920                   | 11                | 990,675                  | 7                 | 2645                            | Guarantee deposits received                                   | <u>41,187</u>               | <u>-</u>          | <u>65,212</u>            | <u>-</u>          |
| 1755                       | Right-of-use assets (note (6)(j))                                                           | 824,923                     | 6                 | 860,010                  | 6                 |                                 |                                                               | <u>1,468,118</u>            | <u>10</u>         | <u>1,083,826</u>         | <u>7</u>          |
| 1780                       | Intangible assets (notes (6)(g) and (k))                                                    | 598,071                     | 4                 | 604,707                  | 5                 |                                 | <b>Total liabilities</b>                                      | <u>4,792,246</u>            | <u>33</u>         | <u>3,702,608</u>         | <u>27</u>         |
| 1840                       | Deferred tax assets (note (6)(p))                                                           | 52,699                      | -                 | 45,688                   | -                 |                                 | <b>Equity attributable to owners of parent:</b> (note (6)(q)) |                             |                   |                          |                   |
| 1900                       | Other non-current assets (note (9))                                                         | <u>63,779</u>               | <u>-</u>          | <u>66,030</u>            | <u>-</u>          | 3100                            | Capital stock                                                 | <u>3,038,804</u>            | <u>22</u>         | <u>3,038,804</u>         | <u>23</u>         |
|                            |                                                                                             | <u>5,395,917</u>            | <u>38</u>         | <u>4,602,549</u>         | <u>34</u>         | 3200                            | Capital surplus                                               | <u>936,880</u>              | <u>7</u>          | <u>838,428</u>           | <u>7</u>          |
|                            |                                                                                             |                             |                   |                          |                   |                                 | Retained earnings:                                            |                             |                   |                          |                   |
|                            |                                                                                             |                             |                   |                          |                   | 3310                            | Legal reserve                                                 | 2,902,314                   | 21                | 2,679,726                | 20                |
|                            |                                                                                             |                             |                   |                          |                   | 3350                            | Undistributed earnings                                        | <u>2,934,268</u>            | <u>21</u>         | <u>3,428,146</u>         | <u>26</u>         |
|                            |                                                                                             |                             |                   |                          |                   |                                 |                                                               | <u>5,836,582</u>            | <u>42</u>         | <u>6,107,872</u>         | <u>46</u>         |
|                            |                                                                                             |                             |                   |                          |                   | 3400                            | Other equity                                                  | <u>113,796</u>              | <u>1</u>          | <u>11,078</u>            | <u>-</u>          |
|                            |                                                                                             |                             |                   |                          |                   | 3500                            | Treasury shares                                               | <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>         | 8,819,577                   | 64                | 8,889,697                | 68                |
|                            |                                                                                             |                             |                   |                          |                   | 36XX                            | Non-controlling interests                                     | <u>407,612</u>              | <u>3</u>          | <u>732,525</u>           | <u>5</u>          |
|                            |                                                                                             |                             |                   |                          |                   |                                 | <b>Total equity</b>                                           | <u>9,227,189</u>            | <u>67</u>         | <u>9,622,222</u>         | <u>73</u>         |
| <b>Total assets</b>        |                                                                                             | <u><u>\$ 14,019,435</u></u> | <u><u>100</u></u> | <u><u>13,324,830</u></u> | <u><u>100</u></u> |                                 | <b>Total liabilities and equity</b>                           | <u><u>\$ 14,019,435</u></u> | <u><u>100</u></u> | <u><u>13,324,830</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 years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)**

|      |                                                                                                                                                                                                  | <b>2023</b>         |            | <b>2022</b>      |            |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------|------------------|------------|
|      |                                                                                                                                                                                                  | <b>Amount</b>       | <b>%</b>   | <b>Amount</b>    | <b>%</b>   |
| 4000 | <b>Total operating revenue</b> (notes (6)(t) and (14))                                                                                                                                           | \$ 12,058,515       | 100        | 13,030,484       | 100        |
| 5000 | <b>Total operating costs</b> (notes (6)(d), (o) and (12))                                                                                                                                        | <u>6,627,903</u>    | <u>55</u>  | <u>7,043,240</u> | <u>54</u>  |
| 5900 | <b>Gross profit from operations</b>                                                                                                                                                              | 5,430,612           | 45         | 5,987,244        | 46         |
| 5920 | Add: Realized profit from sales                                                                                                                                                                  | <u>1,425</u>        | <u>-</u>   | <u>-</u>         | <u>-</u>   |
| 5950 | <b>Gross profits</b>                                                                                                                                                                             | <u>5,432,037</u>    | <u>45</u>  | <u>5,987,244</u> | <u>46</u>  |
| 6000 | <b>Operating expenses:</b> (notes (6)(c), (o), (r) and (12))                                                                                                                                     |                     |            |                  |            |
| 6100 | Selling expenses                                                                                                                                                                                 | 365,426             | 3          | 587,057          | 4          |
| 6200 | Administrative expenses                                                                                                                                                                          | 478,998             | 4          | 457,021          | 4          |
| 6300 | Research and development expenses                                                                                                                                                                | 2,148,773           | 18         | 2,165,151        | 17         |
| 6450 | Impairment (gains) determined in accordance with IFRS 9                                                                                                                                          | <u>4,365</u>        | <u>-</u>   | <u>(6,446)</u>   | <u>-</u>   |
|      |                                                                                                                                                                                                  | <u>2,997,562</u>    | <u>25</u>  | <u>3,202,783</u> | <u>25</u>  |
| 6900 | <b>Net Operating income</b>                                                                                                                                                                      | <u>2,434,475</u>    | <u>20</u>  | <u>2,784,461</u> | <u>21</u>  |
| 7000 | <b>Non-operating income and expenses:</b>                                                                                                                                                        |                     |            |                  |            |
| 7100 | Interest income (note (6)(u))                                                                                                                                                                    | 41,725              | -          | 34,464           | -          |
| 7010 | Other income (note (6)(u))                                                                                                                                                                       | 95,999              | 1          | 144,776          | 1          |
| 7020 | Other gains and losses (notes (6)(h) and (6)(u))                                                                                                                                                 | (50,483)            | -          | (196,074)        | (1)        |
| 7050 | Finance costs (notes (6)(m) and (n))                                                                                                                                                             | (13,433)            | -          | (13,933)         | -          |
| 7770 | Shares of gain of associates accounted for using equity method (note (6)(f))                                                                                                                     | <u>(35,482)</u>     | <u>-</u>   | <u>(50,722)</u>  | <u>-</u>   |
|      |                                                                                                                                                                                                  | <u>38,326</u>       | <u>1</u>   | <u>(81,489)</u>  | <u>-</u>   |
| 7900 | <b>Profit before income tax</b>                                                                                                                                                                  | 2,472,801           | 21         | 2,702,972        | 21         |
| 8110 | Less: Income tax expenses                                                                                                                                                                        | <u>487,771</u>      | <u>4</u>   | <u>669,559</u>   | <u>5</u>   |
|      | <b>Net profit</b>                                                                                                                                                                                | <u>1,985,030</u>    | <u>17</u>  | <u>2,033,413</u> | <u>16</u>  |
| 8300 | <b>Other comprehensive income (loss):</b>                                                                                                                                                        |                     |            |                  |            |
| 8310 | <b>Items that may not be reclassified subsequently to profit or loss:</b> (notes (6)(f) and (o))                                                                                                 |                     |            |                  |            |
| 8311 | Gains on remeasurements of defined benefit plans                                                                                                                                                 | 17,660              | -          | 74,491           | 1          |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income                                                                       | 103,356             | 1          | (186,233)        | (1)        |
| 8320 | Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | (1,428)             | -          | -                | -          |
| 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>   |
|      | Components of other comprehensive income that will not be reclassified to profit or loss                                                                                                         | <u>119,588</u>      | <u>1</u>   | <u>(111,742)</u> | <u>-</u>   |
| 8360 | <b>Items that may be reclassified subsequently to profit or loss:</b> (note (6)(f))                                                                                                              |                     |            |                  |            |
| 8361 | Exchange differences on translation of foreign financial statements                                                                                                                              | (1,162)             | -          | 2,352            | -          |
| 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                       | 53                  | -          | 10               | -          |
| 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>   |
|      | Components of other comprehensive income that will be reclassified to profit or loss                                                                                                             | <u>(1,109)</u>      | <u>-</u>   | <u>2,362</u>     | <u>-</u>   |
| 8300 | <b>Other comprehensive income (loss), net</b>                                                                                                                                                    | <u>118,479</u>      | <u>1</u>   | <u>(109,380)</u> | <u>-</u>   |
| 8500 | <b>Comprehensive income</b>                                                                                                                                                                      | <u>\$ 2,103,509</u> | <u>18</u>  | <u>1,924,033</u> | <u>16</u>  |
|      | <b>Net profit attributable to:</b>                                                                                                                                                               |                     |            |                  |            |
| 8610 | Owners of parent                                                                                                                                                                                 | \$ 2,143,520        | 18         | 2,151,676        | 17         |
| 8620 | Non-controlling interests                                                                                                                                                                        | <u>(158,490)</u>    | <u>(1)</u> | <u>(118,263)</u> | <u>(1)</u> |
|      |                                                                                                                                                                                                  | <u>\$ 1,985,030</u> | <u>17</u>  | <u>2,033,413</u> | <u>16</u>  |
|      | <b>Comprehensive income (loss) attributable to:</b>                                                                                                                                              |                     |            |                  |            |
| 8710 | Owners of the parent                                                                                                                                                                             | \$ 2,262,470        | 19         | 2,041,861        | 17         |
| 8720 | Non-controlling interests                                                                                                                                                                        | <u>(158,961)</u>    | <u>(1)</u> | <u>(117,828)</u> | <u>(1)</u> |
|      |                                                                                                                                                                                                  | <u>\$ 2,103,509</u> | <u>18</u>  | <u>1,924,033</u> | <u>16</u>  |
|      | <b>Earnings per share (expressed in dollars)</b> (note (6)(s))                                                                                                                                   |                     |            |                  |            |
| 9710 | Basic earnings per share                                                                                                                                                                         | \$ <u>7.53</u>      |            | <u>7.56</u>      |            |
| 9850 | Diluted earnings per share                                                                                                                                                                       | \$ <u>7.46</u>      |            | <u>7.44</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 years ended December 31, 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)                                                                    | -                                       | -               | -                 | 2,151,676                        | -                                                                   | -                                                                                                         | -                  | 2,151,676                                     | (118,263)                 | 2,033,413        |
| Other comprehensive income                                                           | -                                       | -               | -                 | 74,201                           | 2,217                                                               | (186,233)                                                                                                 | -                  | (109,815)                                     | 435                       | (109,380)        |
| Total comprehensive income                                                           | -                                       | -               | -                 | 2,225,877                        | 2,217                                                               | (186,233)                                                                                                 | -                  | 2,041,861                                     | (117,828)                 | 1,924,033        |
| Appropriation and distribution of retained earnings:                                 |                                         |                 |                   |                                  |                                                                     |                                                                                                           |                    |                                               |                           |                  |
| Legal reserve appropriated                                                           | -                                       | -               | 520,150           | (520,150)                        | -                                                                   | -                                                                                                         | -                  | -                                             | -                         | -                |
| 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                                     | -                                       | -               | -                 | -                                | -                                                                   | -                                                                                                         | -                  | -                                             | 304,546                   | 304,546          |
| Changes in non-controlling interests                                                 | -                                       | 35,455          | -                 | -                                | -                                                                   | -                                                                                                         | -                  | 35,455                                        | 314,913                   | 350,368          |
| <b>Balance at December 31, 2022</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)                                                                    | -                                       | -               | -                 | 2,143,520                        | -                                                                   | -                                                                                                         | -                  | 2,143,520                                     | (158,490)                 | 1,985,030        |
| Other comprehensive income                                                           | -                                       | -               | -                 | 16,232                           | (638)                                                               | 103,356                                                                                                   | -                  | 118,950                                       | (471)                     | 118,479          |
| Total comprehensive income                                                           | -                                       | -               | -                 | 2,159,752                        | (638)                                                               | 103,356                                                                                                   | -                  | 2,262,470                                     | (158,961)                 | 2,103,509        |
| 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 | -                                       | 101,803         | -                 | -                                | -                                                                   | -                                                                                                         | -                  | 101,803                                       | -                         | 101,803          |
| Changes in non-controlling interests                                                 | -                                       | -               | -                 | -                                | -                                                                   | -                                                                                                         | -                  | -                                             | 10,189                    | 10,189           |
| Changes in prepaid preferred stock construction dividends                            | -                                       | (3,351)         | -                 | -                                | -                                                                   | -                                                                                                         | -                  | (3,351)                                       | (176,141)                 | (179,492)        |
| <b>Balance at December 31, 2023</b>                                                  | <u>\$ 3,038,804</u>                     | <u>936,880</u>  | <u>2,902,314</u>  | <u>2,934,268</u>                 | <u>(5,344)</u>                                                      | <u>119,140</u>                                                                                            | <u>(1,106,485)</u> | <u>8,819,577</u>                              | <u>407,612</u>            | <u>9,227,189</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 Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

|                                                                                                          | <u>2023</u>                | <u>2022</u>             |
|----------------------------------------------------------------------------------------------------------|----------------------------|-------------------------|
| <b>Cash flows from operating activities:</b>                                                             |                            |                         |
| <b>Profit before tax</b>                                                                                 | \$ 2,472,801               | 2,702,972               |
| <b>Adjustments:</b>                                                                                      |                            |                         |
| <b>Adjustments to reconcile profit:</b>                                                                  |                            |                         |
| Depreciation expense                                                                                     | 163,792                    | 166,503                 |
| Amortization expense                                                                                     | 199,189                    | 160,130                 |
| Expected credit loss (gain)                                                                              | 4,365                      | (6,446)                 |
| Net loss on financial assets at fair value through profit or loss                                        | 54,590                     | 416,264                 |
| Interest expense                                                                                         | 13,433                     | 13,933                  |
| Interest income                                                                                          | (41,725)                   | (34,464)                |
| Dividend income                                                                                          | (34,475)                   | (93,807)                |
| Share-based payment transactions                                                                         | -                          | 1,363                   |
| Share of loss of associates accounted for using equity method                                            | 35,482                     | 50,722                  |
| (Gain) loss on disposal of property, plant and equipment                                                 | (848)                      | 438                     |
| Loss on disposal of investments                                                                          | 1,650                      | -                       |
| Gain on adjustments to lease                                                                             | -                          | (160)                   |
| Impairment loss and disposal loss on inventory                                                           | 141,507                    | 168,586                 |
| Other operating costs                                                                                    | -                          | 107,740                 |
| Others                                                                                                   | (83)                       | 17,724                  |
| <b>Total adjustments to reconcile profit</b>                                                             | <u>536,877</u>             | <u>968,526</u>          |
| <b>Changes in operating assets and liabilities:</b>                                                      |                            |                         |
| (Increase) decrease in notes and accounts receivable                                                     | (420,081)                  | 1,114,428               |
| Decrease (increase) in inventories                                                                       | 1,427,670                  | (1,452,465)             |
| Increase in prepayments and other current assets                                                         | (6,758)                    | (8,036)                 |
| (Increase) decrease in other receivables                                                                 | (195,130)                  | 471,264                 |
| Increase (decrease) in notes and accounts payable                                                        | 491,452                    | (1,004,765)             |
| Increase (decrease) in other current liabilities                                                         | 453,081                    | (661,673)               |
| Decrease in net defined benefit liability                                                                | <u>(21,575)</u>            | <u>(13,023)</u>         |
| Cash inflow generated from operations                                                                    | 4,738,337                  | 2,117,228               |
| Interest received                                                                                        | 37,494                     | 34,169                  |
| Interest paid                                                                                            | (14,954)                   | (13,295)                |
| Income taxes paid                                                                                        | <u>(553,219)</u>           | <u>(1,384,129)</u>      |
| <b>Net cash flows from operating activities</b>                                                          | <u>4,207,658</u>           | <u>753,973</u>          |
| <b>Cash flows from (used in) investing activities:</b>                                                   |                            |                         |
| Dividends received                                                                                       | 34,475                     | 114,206                 |
| Acquisition of current financial assets at fair value through profit or loss                             | (90,066)                   | (125,152)               |
| 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                         | (16,471)                   | (353,706)               |
| Proceeds from disposal of non-current financial assets at fair value through profit or loss              | -                          | 3,900                   |
| 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                                                | (1,186,088)                | 1,458,860               |
| 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                                                             | (700,914)                  | (169,384)               |
| Proceeds from disposal of property, plant and equipment                                                  | 1,169                      | 1,098                   |
| Acquisition of intangible assets                                                                         | (353,226)                  | (88,903)                |
| (Increase) decrease in refundable deposits                                                               | (3,796)                    | 3,921                   |
| Decrease (increase) in other non-current assets                                                          | <u>2,895</u>               | <u>(2,091)</u>          |
| <b>Net cash flows (used in) from investing activities</b>                                                | <u>(2,272,814)</u>         | <u>1,251,761</u>        |
| <b>Cash flows from (used in) financing activities:</b>                                                   |                            |                         |
| Increase in short-term borrowings                                                                        | 10,000                     | 62,000                  |
| Decrease in short-term borrowings                                                                        | (50,000)                   | (12,000)                |
| Increase in long-term debt                                                                               | 468,640                    | -                       |
| Repayments of long-term debt                                                                             | -                          | (24,679)                |
| Repayments of preference share liabilities                                                               | (40,000)                   | -                       |
| (Decrease) increase in guarantee deposits received                                                       | (24,025)                   | 28,570                  |
| Payment of lease liabilities                                                                             | (29,749)                   | (26,731)                |
| Cash dividends paid                                                                                      | (2,329,239)                | (3,930,593)             |
| Changes in non-controlling interests                                                                     | <u>10,189</u>              | <u>304,546</u>          |
| <b>Net cash flows used in financing activities</b>                                                       | <u>(1,984,184)</u>         | <u>(3,598,887)</u>      |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                                      | <u>(314)</u>               | <u>2,334</u>            |
| <b>Net decrease in cash and cash equivalents</b>                                                         | (49,654)                   | (1,590,819)             |
| <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>\$ 2,614,034</u></u> | <u><u>2,663,688</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**

**For the years ended December 31, 2023 and 2022**

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

### **(1) Company history**

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on February 22, 2024.

### **(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 material accounting policies:**

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations” ) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;

(Continued)

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

- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Group's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) 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   |
|-------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|--------|
|                                     |                                                             |                                                                                                                                                                             | December 31, 2023 | December 31, 2022 |        |
| The Group                           | Elan Investment Corp.                                       | Investment holding                                                                                                                                                          | 100.00 %          | 100.00 %          | -      |
| The Group 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 %           | note 3 |
| The Group and Elan Investment Corp. | Avisonic Technology Corp. (Avisonic)                        | Research, design, develop, manufacture and sale on digital image-process chips                                                                                              | 89.79 %           | 87.91 %           | note 6 |
| The Group                           | JUPU ELECTRONIC Co., Ltd. (JUPU)                            | Wholesale and installation of electronic devices, data storage and equipment process                                                                                        | 49.00 %           | 49.00 %           | note 1 |
| The Group and Elan Investment Corp. | PiXORD Corporation (PiXORD)                                 | Research, design, develop, manufacture and sale on Webcam and server                                                                                                        | 98.49 %           | 97.98 %           | note 5 |
| The Group 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 %           | note 2 |
| The Group                           | Elan (H.K.)                                                 | Sale and after-sales service                                                                                                                                                | 100.00 %          | 100.00 %          | -      |
| The Group                           | Elan Information                                            | After-sales service and provide new informational skills                                                                                                                    | 100.00 %          | 100.00 %          | -      |
| Elan (H.K.)                         | Power Asia                                                  | Investment holding                                                                                                                                                          | 100.00 %          | 100.00 %          | -      |
| Power Asia                          | Elan Shanghai                                               | Provide technical support and information service                                                                                                                           | 100.00 %          | 100.00 %          | -      |
| Power Asia                          | Elan Shenzhen                                               | Provide technical support and information service                                                                                                                           | 100.00 %          | 100.00 %          | -      |
| Metanoia                            | Metanoia EU                                                 | Provide technical support and information service                                                                                                                           | 100.00 %          | 100.00 %          | note 3 |
| The Group                           | Chimei Motor Electronics Co., Ltd. (Chimei)                 | Image recognition, automotive electronic manufacturing and wholesaling business                                                                                             | 30.83 %           | 31.36 %           | note 4 |
| Chimei                              | Chimei Motor Electronics (SAMOA) Co., Ltd. (Chimei (SAMOA)) | Investment holding                                                                                                                                                          | 100.00 %          | 100.00 %          | note 4 |
| Chimei (SAMOA)                      | Gianteye Technology (Shanghai) Co., Ltd.                    | Develops advanced driver assistance systems and wholesales automotive electronic products.                                                                                  | 100.00 %          | 100.00 %          | note 4 |

(Continued)

## ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Note 1: The Group obtained 3 out of 5 Board seats and gained control over JUPU.

Note 2: The Group 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 3: On November 7, 2022, the Group's shareholding percentage was decreased to 47.71% after participating in the capital increase of Metanoia. The Group obtained 3 out of 5 Board seats and gained control over Metanoia and its subsidiaries. However, the Group only obtained 2 out of 5 Board seats following a reshuffle of Metanoia's Board of Directors on June 15, 2023. Since the Group 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 Group 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)(f) for details, and for the loss of control over subsidiaries, please refer to Note (6)(h).

Note 4: On March 1, 2022, the Group 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 Group 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 5: On September 5, 2023, the Group's shareholding percentage was increased to 98.49% after participating in the capital increase of PiXORD.

Note 6: On September 4, 2023, the Group's shareholding percentage was increased to 89.79% after participating in the capital increase of Avisonic.

#### (d) Foreign currencies

##### (i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of translation.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which is recognized in other comprehensive income.

##### (ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
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When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Accounts receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
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(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group; therefore, those receivables are measured at FVOCI. However, they are included in the ‘accounts receivables’ line item.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

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Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

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### Notes to the Consolidated Financial Statements

The Group considers a financial asset to be in default when the financial asset is more than 360 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 360 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### 5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
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The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise short-term loans and borrowings, accounts payable and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized as finance cost under non-operating revenue and expenses. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

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6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset, and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The costs of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs incurred upon completion and selling expenses.

(i) Investments in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from the transactions between the Group and an associate are recognized only to the extent of unrelated the Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interest in an associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment)

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(or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

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Land is not depreciated. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) Buildings: 2~50 years
- 2) Machinery and equipment: 2~6 years
- 3) Office and transportation equipment: 1~10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

**(k) Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**(i) As a lessee**

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or

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- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise an extension or termination option; or
- 5) there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and office equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

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Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including patents, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

|                    |           |
|--------------------|-----------|
| Technical know-how | 1~5 years |
| Computer software  | 1~6 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense.

(o) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group outsources its manufacturing process and subsequently sells its Integrated Circuits to customers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Services

The Group provides product design and development services to its customers, and recognizes revenue during the reporting period when services are rendered. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is based on the percentage of actual cost incurred over the total costs.

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(iii) Financing components

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(p) Government grants

The Group recognizes an unconditional government grant as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

The Group that belongs to domestic firms should comply with the Labor Pension Act (hereinafter as “the Act”), which took effect on July 1, 2005. In accordance with the Act, the pension benefits of employees who elect to follow the Act and employees who are retired after the effective date of the Act adopt a defined contribution scheme, whereby the Group makes monthly contributions to the employees’ individual pension accounts of no less than 6% of the employees’ monthly wages. The amounts contributed are recognized as expense in the current period.

The Group that belongs to overseas firms (excluding Elan Information, Power Asia and CHIMEI(SAMOA), which adopts the defined contribution pension plan) should contribute pension fund based on the local pension regulations and recognized the pension contributed as expense for that period. Subsidiaries in China should comply with the regulations of the Government in the People’s Republic of China. The corporate contributes retirement annuity funds based on the statutory rate on authorized employees’ payroll and the pension expenses are recognized in profit or loss for the year.

(ii) Defined benefit plans

The Group’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and (i) that affects neither accounting nor taxable profits (losses) at the time of the transaction; (ii) there are no equivalent taxable and deductible temporary differences.
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(s) **Business acquisition**

For those acquisitions occurring after 1 January 2013 (inclusive), goodwill is measured using ROC GAAP.

The Group measured the acquisition cost of acquiring Elantech in accordance with the Statement of Financial Accounting Standards No. 25 "Business Combinations" and the Accounting Research and Development Foundation Interpretations 97 (075) and 91 (187). The stock issued by the Group is traded in an active market; therefore, the fair value of the stock issued by the Group should be used to determine the fair value of the net assets of the acquired corporation. The acquisition cost was measured in two ways. For stock acquired from non-affiliated companies, accounting was determined by using the purchase method; for stock acquired from affiliated companies, the purchase price was determined by the book value of the affiliated companies' investment in Elantech. The Group recognized the difference between the acquisition cost and the fair value of tangible assets and identifiable intangible assets, less, the liabilities, and recorded it as goodwill.

The Group adopted the acquisition method for its merger of Chimei Motor Electronics Co., Ltd. (Chimei), wherein the goodwill was based on the fair value of the consideration transferred on the acquisition date, including the amount attributable to any non-controlling interests in the acquiree, less identifiable assets acquired and assumed, in which the net amount of the liability (usually the fair value) has been measured.

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
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(t) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee share bonus which have yet to be approved by the shareholders' meeting.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made 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 Group may face economic uncertainties such as inflation, which have no significant impact on the Group. However, such events may significantly affect the following accounting estimates for the next fiscal year, as these estimates involve forecasts of the future

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The relevant information on uncertainties of assumptions and estimates, which has significant risks that will cause major adjustments in the following year, is deemed an inventory evaluation. As inventories are measured at the lower of cost and net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at each reporting date and then writes down the cost of inventories to net realizable value or stock age. The net realizable value of the inventory is mainly determined based on the sales price. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note (6)(d).

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Judgment of whether the Group has substantive control over its investees

- (a) The Group holds 24.69% of the outstanding voting shares of Uniband Electronic Corp. and is the single largest shareholder of the investee. Although the remaining 75.31% of Uniband Electronic Corp.'s shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of Uniband Electronic Corp.'s directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence on Uniband Electronic Corp.

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# ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- (b) The Group holds 23.08% of the outstanding voting shares of Finger Pro. Incorporation and is the single largest shareholder of the investee. Although the remaining 76.92% of Finger Pro. Incorporation's shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of Finger Pro. Incorporation's directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence on Finger Pro. Incorporation.
- (c) The Group holds 47.71% of the outstanding 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. Please refer to Note (6)(h) for details.

### (6) Explanation of significant accounts:

- (a) Cash and cash equivalents

|                                                                                                                        | December 31,<br>2023 | December 31,<br>2022 |
|------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Petty cash                                                                                                             | \$ 1,001             | 1,099                |
| Checking and demand deposits                                                                                           | 1,536,813            | 1,965,777            |
| Time deposits                                                                                                          | 2,536,098            | 970,602              |
| Less: Restricted deposits (recorded as current and non-current financial assets measured at amortized cost) (Note (8)) | (94,441)             | (99,590)             |
| Time deposits (recorded as financial assets measured at amortized cost) with original maturities of over three months  | (1,365,437)          | (174,200)            |
|                                                                                                                        | <u>\$ 2,614,034</u>  | <u>2,663,688</u>     |

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

|                     | December 31,<br>2023 | December 31,<br>2022 |
|---------------------|----------------------|----------------------|
| Interest rate range | <u>0.85% ~ 5.54%</u> | <u>0.90% ~ 2.80%</u> |

- (ii) For the disclosure of the interest rate risk and sensitivity analysis of the Group'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 years ended December 31, 2023 and 2022. Please refer to Note (6)(w) for the information on credit risk of the Group.

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
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(b) Financial assets at fair value through profit or loss

|                                     | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-------------------------------------|------------------------------|------------------------------|
| Current:                            |                              |                              |
| Domestic                            |                              |                              |
| Listed stocks                       | \$ -                         | 4,298                        |
| Certificates of beneficial interest | <u>374,100</u>               | <u>419,241</u>               |
| Subtotal                            | <u>374,100</u>               | <u>423,539</u>               |
| Foreign                             |                              |                              |
| Certificates of beneficial interest | -                            | 25,216                       |
| Short-term commercial papers        | <u>-</u>                     | <u>73,493</u>                |
| Subtotal                            | <u>-</u>                     | <u>98,709</u>                |
| Total                               | <u><b>\$ 374,100</b></u>     | <u><b>522,248</b></u>        |
| Non-current:                        |                              |                              |
| Domestic                            |                              |                              |
| Listed stocks                       | \$ 274,576                   | 249,210                      |
| Non-publicly traded stocks          | <u>1,032,477</u>             | <u>993,082</u>               |
| Subtotal                            | <u>1,307,053</u>             | <u>1,242,292</u>             |
| Foreign                             |                              |                              |
| Certificates of beneficial interest | <u>237,707</u>               | <u>233,465</u>               |
| Total                               | <u><b>\$ 1,544,760</b></u>   | <u><b>1,475,757</b></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.
- (ii) As of December 31, 2023 and 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.

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

(c) Notes and accounts receivable

|                                                                     | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---------------------------------------------------------------------|------------------------------|------------------------------|
| Notes receivable                                                    | \$ 4,418                     | 1,890                        |
| Accounts receivable - fair value through other comprehensive income | 830,811                      | 410,234                      |
| Accounts receivable - measured at amortized cost                    | 307,689                      | 330,105                      |
| Less: Loss allowance                                                | <u>(26,523)</u>              | <u>(22,821)</u>              |
|                                                                     | <b><u>\$ 1,116,395</u></b>   | <b><u>719,408</u></b>        |

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:

|                            | <b>December 31, 2023</b>         |                                            |                                 |
|----------------------------|----------------------------------|--------------------------------------------|---------------------------------|
|                            | <b>Gross carrying<br/>amount</b> | <b>Weighted-<br/>average loss<br/>rate</b> | <b>Expected<br/>credit loss</b> |
| Current                    | \$ 1,103,548                     | 0.50%                                      | 5,529                           |
| 1 to 30 days past due      | 13,374                           | 1.44%                                      | 193                             |
| 31 to 60 days past due     | 5,614                            | 9.41%                                      | 528                             |
| 61 to 90 days past due     | -                                | -                                          | -                               |
| More than 90 days past due | <u>20,382</u>                    | 50%~100%                                   | <u>20,273</u>                   |
|                            | <b><u>\$ 1,142,918</u></b>       |                                            | <b><u>26,523</u></b>            |

|                            | <b>December 31, 2022</b>         |                                            |                                 |
|----------------------------|----------------------------------|--------------------------------------------|---------------------------------|
|                            | <b>Gross carrying<br/>amount</b> | <b>Weighted-<br/>average loss<br/>rate</b> | <b>Expected<br/>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 | <u>19,496</u>                    | 50%~100%                                   | <u>19,047</u>                   |
|                            | <b><u>\$ 742,229</u></b>         |                                            | <b><u>22,821</u></b>            |

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

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

|                                       | <u>2023</u>             | <u>2022</u>          |
|---------------------------------------|-------------------------|----------------------|
| Balance at January 1                  | 22,821                  | 28,481               |
| Impairment loss recognized (reversed) | 4,365                   | (6,446)              |
| Acquired in business combination      | -                       | 1,046                |
| Amounts written off                   | (628)                   | -                    |
| Effect of changes in exchange rates   | (35)                    | (260)                |
| Balance at December 31                | <u><u>\$ 26,523</u></u> | <u><u>22,821</u></u> |

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.

| <u>December 31, 2023</u>                                                                        |                                  |                           |                            |                                                           |                                   |                   |
|-------------------------------------------------------------------------------------------------|----------------------------------|---------------------------|----------------------------|-----------------------------------------------------------|-----------------------------------|-------------------|
| <u>Purchaser</u>                                                                                | <u>Accounts<br/>derecognized</u> | <u>Factoring<br/>Line</u> | <u>Advanced<br/>Amount</u> | <u>Amount<br/>Recognized in<br/>Other<br/>Receivables</u> | <u>Range of<br/>Interest Rate</u> | <u>Collateral</u> |
| Far Eastern<br>International<br>Bank Co., Ltd.<br>KGI Bank<br>Entie<br>Commercial<br>Bank, Ltd. | <u><u>\$ 858,034</u></u>         | <u><u>2,878,400</u></u>   | <u><u>-</u></u>            | <u><u>858,034</u></u>                                     | <u><u>0.05%~0.10%</u></u>         | None              |

| <u>December 31, 2022</u>                                                                                                                      |                                  |                           |                            |                                                           |                                   |                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------|----------------------------|-----------------------------------------------------------|-----------------------------------|-------------------|
| <u>Purchaser</u>                                                                                                                              | <u>Accounts<br/>derecognized</u> | <u>Factoring<br/>Line</u> | <u>Advanced<br/>Amount</u> | <u>Amount<br/>Recognized in<br/>Other<br/>Receivables</u> | <u>Range of<br/>Interest Rate</u> | <u>Collateral</u> |
| 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><u>\$ 586,619</u></u>         | <u><u>2,929,200</u></u>   | <u><u>-</u></u>            | <u><u>586,619</u></u>                                     | <u><u>0.05%~0.10%</u></u>         | None              |

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

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

(d) Inventories

|                  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|------------------|------------------------------|------------------------------|
| Raw materials    | \$ 850,815                   | 1,710,468                    |
| Work in progress | 910,326                      | 1,653,579                    |
| Finished goods   | <u>350,162</u>               | <u>366,877</u>               |
|                  | <b><u>\$ 2,111,303</u></b>   | <b><u>3,730,924</u></b>      |

The details of the cost of sales were as follows:

|                              | <b>2023</b>             | <b>2022</b>             |
|------------------------------|-------------------------|-------------------------|
| Inventory that has been sold | <u>6,485,831</u>        | <u>6,772,989</u>        |
| Write-down of inventories    | 141,507                 | 168,586                 |
| Others                       | <u>565</u>              | <u>101,665</u>          |
|                              | <b><u>6,627,903</u></b> | <b><u>7,043,240</u></b> |

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

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

|                                                                      | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|----------------------------------------------------------------------|------------------------------|------------------------------|
| Equity investments at fair value through other comprehensive income: |                              |                              |
| Emerging stocks                                                      | \$ 22,197                    | 13,096                       |
| Listed stocks                                                        | <u>386,750</u>               | <u>292,495</u>               |
|                                                                      | <b><u>\$ 408,947</u></b>     | <b><u>305,591</u></b>        |

- (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 December 31, 2023 and 2022.
- (iii) For market risk, please refer to note (6)(w).
- (iv) As of December 31, 2023 and 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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**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:

|            | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|------------|------------------------------|------------------------------|
| Associates | <b>\$ 377,418</b>            | <b>246,691</b>               |

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

|                                               |                                                                                                                       |                                                                                            | <b>December 31,<br/>2023</b> |                                   | <b>December 31,<br/>2022</b> |                                   |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|------------------------------|-----------------------------------|------------------------------|-----------------------------------|
|                                               |                                                                                                                       |                                                                                            | <b>Amount</b>                | <b>Share-<br/>holding<br/>(%)</b> | <b>Amount</b>                | <b>Share-<br/>holding<br/>(%)</b> |
|                                               | <b>Nature of the relationship with the<br/>Group</b>                                                                  | <b>Main<br/>operating<br/>location /<br/>Registered<br/>Country of<br/>the<br/>Company</b> |                              |                                   |                              |                                   |
| Metanoia<br>Communications<br>Inc. (Metanoia) | Research, design, develop, manufacture<br>and sale on client chipss                                                   | R.O.C.                                                                                     | \$ 135,131                   | 47.71                             | -                            | -                                 |
| Tong Fu Investment<br>Corporation             | Investment holding                                                                                                    | R.O.C.                                                                                     | -                            | 46.73                             | -                            | 46.73                             |
| Lighting Device<br>Technologies Corp.         | Research, design, develop, manufacture<br>and sale on LED chipss                                                      | R.O.C.                                                                                     | -                            | 45.07                             | -                            | 45.07                             |
| Top Taiwan X<br>Venture Capital<br>Co., Ltd.  | Venture capital                                                                                                       | R.O.C.                                                                                     | 237,360                      | 30.00                             | 237,907                      | 30.00                             |
| Uniband Electronic<br>Corp.                   | Manufactures and sells electronic devices                                                                             | R.O.C.                                                                                     | 4,927                        | 24.69                             | 8,784                        | 24.69                             |
| Finger Pro.<br>Incorporation                  | Manufactures and sells electronic device                                                                              | R.O.C.                                                                                     | -                            | 23.08                             | -                            | 23.08                             |
| RONG CHENG<br>Technology                      | Manufactures and sells electronic devices,<br>computers and its related products,<br>manufactures optical instruments | R.O.C.                                                                                     | -                            | 38.46                             | -                            | 38.46                             |
|                                               |                                                                                                                       |                                                                                            | <b>\$ 377,418</b>            |                                   | <b>246,691</b>               |                                   |

(i) Associates

A summary of the Group's shares of gain of associates accounted for using equity method for the years ended December 31, 2023 and 2022 was as follows:

|                                                                   | <b>2023</b>        | <b>2022</b>     |
|-------------------------------------------------------------------|--------------------|-----------------|
| Shares of gain of associates accounted for using equity<br>method | <b>\$ (35,482)</b> | <b>(50,722)</b> |

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
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The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

|                                   | <u>2023</u>               | <u>2022</u>            |
|-----------------------------------|---------------------------|------------------------|
| Attributable to the Group:        |                           |                        |
| Loss from continuing operations   | \$ (35,482)               | (50,722)               |
| Other comprehensive (loss) income | <u>53</u>                 | <u>10</u>              |
| Comprehensive income (loss)       | <u><u>\$ (35,429)</u></u> | <u><u>(50,712)</u></u> |

Investments which were partially 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 audited by other auditors.

(ii) Pledges

As of December 31, 2023 and 2022, the Group had not provided any investments accounted for using the equity method as collateral for its loans.

(g) Business combinations

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 December 30, 2023, the Group did not have the transactions mentioned above.

- (i) 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.

|                                               | <u>March 1, 2022</u>     |
|-----------------------------------------------|--------------------------|
| Consideration paid by cash                    | \$ 199,200               |
| Fair value of pre-existing interest in Chimei | 22,800                   |
| Non-controlling interest in the acquisition   | <u>351,727</u>           |
|                                               | <u><u>\$ 573,727</u></u> |
| Current assets                                |                          |
| Cash and cash equivalents                     | \$ 252,308               |
| Accounts receivables (note (6)(c))            | 28,349                   |
| Other receivables                             | 14                       |
| Inventories                                   | 136,619                  |
| Prepayments                                   | 7,130                    |

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

Non-current assets

|                                             |         |
|---------------------------------------------|---------|
| Property, plant and equipment (note (6)(i)) | 10,669  |
| Intangible assets (note (6)(k))             | 187,515 |
| Guarantee deposits                          | 1,685   |

Current liabilities

|                   |          |
|-------------------|----------|
| Accounts payables | (21,476) |
| Other payables    | (25,858) |

Non-current liabilities

|                                         |                          |
|-----------------------------------------|--------------------------|
| Long-term borrowing                     | (24,679)                 |
| reference share liabilities non-current | <u>(40,000)</u>          |
| Total identifiable net assets acquired  | <u><u>\$ 512,276</u></u> |
| Goodwill (note (6)(k))                  | <u><u>\$ 61,451</u></u>  |

(ii) Net cash flows from acquisition of a subsidiary

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

- (iii) Chimei contributed the sales and net profits \$115,135 thousand and \$2,614 thousand respectively from the acquisition date to December 31, 2023. If the acquisition happened on January 1, 2022, the management estimated that the Group of sales and net income will be \$13,049,202 thousand and \$2,036,461 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.

(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. 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.

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

- (i) On December 31, 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><u>\$ 343,177</u></u> |
| Goodwill (note (6)(k))                      | <u><u>\$ 16,238</u></u>  |

- (ii) In 2023, net cash flows from loss control of subsidiaries

|                            |                            |
|----------------------------|----------------------------|
| Consideration paid by cash | \$ -                       |
| Less: Loss cash balance    | <u>(102,385)</u>           |
|                            | <u><u>\$ (102,385)</u></u> |

- (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<br/>and<br/>equipment</u> | <u>Office and<br/>transportation<br/>equipment</u> | <u>Equipment<br/>awaiting<br/>examination<br/>and<br/>prepayments<br/>on<br/>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                                                 | -                        | 90                      | 59,503                                 | 10,130                                             | 631,191                                                                                       | 700,914                 |
| Effect of losing control of subsidiaries<br>(note (6)(h)) | -                        | -                       | (82,606)                               | (19,042)                                           | -                                                                                             | (101,648)               |
| Derecognized                                              | -                        | -                       | (7,778)                                | (5,573)                                            | -                                                                                             | (13,351)                |
| Reclassification                                          | -                        | -                       | 45,276                                 | 163                                                | (45,381)                                                                                      | 58                      |
| Effect of movements in exchange rates                     | -                        | -                       | (61)                                   | (158)                                              | -                                                                                             | (219)                   |
| Balance at December 31, 2023                              | <u><u>\$ 230,790</u></u> | <u><u>1,165,103</u></u> | <u><u>754,860</u></u>                  | <u><u>190,282</u></u>                              | <u><u>665,120</u></u>                                                                         | <u><u>3,006,155</u></u> |

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

|                                                           | <b>Land</b>       | <b>Buildings</b> | <b>Machinery<br/>and<br/>equipment</b> | <b>Office and<br/>transportation<br/>equipment</b> | <b>Equipment<br/>awaiting<br/>examination<br/>and<br/>prepayments<br/>on<br/>construction</b> | <b>Total</b>     |
|-----------------------------------------------------------|-------------------|------------------|----------------------------------------|----------------------------------------------------|-----------------------------------------------------------------------------------------------|------------------|
| 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                                                 | -                 | 1,170            | 64,386                                 | 37,781                                             | 66,047                                                                                        | 169,384          |
| Derecognized                                              | -                 | (16,880)         | (11,514)                               | (7,364)                                            | -                                                                                             | (35,758)         |
| Reclassification                                          | -                 | 2,541            | 14,663                                 | 941                                                | (21,195)                                                                                      | (3,050)          |
| Effect of movements in exchange rates                     | -                 | -                | 91                                     | 123                                                | -                                                                                             | 214              |
| Balance at December 31, 2022                              | <u>\$ 230,790</u> | <u>1,165,013</u> | <u>740,526</u>                         | <u>204,762</u>                                     | <u>79,310</u>                                                                                 | <u>2,420,401</u> |
| Accumulated depreciation:                                 |                   |                  |                                        |                                                    |                                                                                               |                  |
| Balance at January 1, 2023                                | \$ -              | 734,931          | 547,108                                | 147,687                                            | -                                                                                             | 1,429,726        |
| Depreciation                                              | -                 | 19,994           | 76,816                                 | 19,591                                             | -                                                                                             | 116,401          |
| Effect of losing control of subsidiaries<br>(note (6)(h)) | -                 | -                | (37,980)                               | (6,885)                                            | -                                                                                             | (44,865)         |
| Derecognized                                              | -                 | -                | (7,577)                                | (5,453)                                            | -                                                                                             | (13,030)         |
| Reclassification                                          | -                 | -                | 185                                    | -                                                  | -                                                                                             | 185              |
| Effect of disposal of subsidiaries                        | -                 | -                | (57)                                   | (125)                                              | -                                                                                             | (182)            |
| Balance at December 31, 2023                              | <u>\$ -</u>       | <u>754,925</u>   | <u>578,495</u>                         | <u>154,815</u>                                     | <u>-</u>                                                                                      | <u>1,488,235</u> |
| Balance at January 1, 2022                                | \$ -              | 714,779          | 474,786                                | 137,053                                            | -                                                                                             | 1,326,618        |
| Depreciation                                              | -                 | 22,010           | 79,536                                 | 17,884                                             | -                                                                                             | 119,430          |
| Derecognized                                              | -                 | (1,858)          | (7,290)                                | (7,351)                                            | -                                                                                             | (16,499)         |
| Effect of movements in exchange rates                     | -                 | -                | 76                                     | 101                                                | -                                                                                             | 177              |
| Balance at December 31, 2022                              | <u>\$ -</u>       | <u>734,931</u>   | <u>547,108</u>                         | <u>147,687</u>                                     | <u>-</u>                                                                                      | <u>1,429,726</u> |
| Carrying amount:                                          |                   |                  |                                        |                                                    |                                                                                               |                  |
| Balance at December 31, 2023                              | <u>\$ 230,790</u> | <u>410,178</u>   | <u>176,365</u>                         | <u>35,467</u>                                      | <u>665,120</u>                                                                                | <u>1,517,920</u> |
| Balance at December 31, 2022                              | <u>\$ 230,790</u> | <u>430,082</u>   | <u>193,418</u>                         | <u>57,075</u>                                      | <u>79,310</u>                                                                                 | <u>990,675</u>   |

- (i) Due to the needs of future operations of the Group, the construction of the new building starts in 2023, and the project payment is amount to \$589,705 thousand. As of December 31, 2023, the capitalized amount of the borrowing costs of the Group was \$3,359 thousand, and the weighted average annual interest rate was 1.20%.
- (ii) As of December 31, 2023 and 2022, the Group did not provide any property, plant and equipment as collateral for its loan.

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(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        |
| Additions                                              | -                 | 2,979            | 948                                    | 15,035                      | 18,962         |
| Effect of losing control of subsidiaries (note (6)(h)) | -                 | (10,183)         | -                                      | -                           | (10,183)       |
| Derecognized                                           | -                 | (1,987)          | (948)                                  | (3,061)                     | (5,996)        |
| Effect of movements in exchange rates                  | -                 | (296)            | -                                      | -                           | (296)          |
| Balance at December 31, 2023                           | <u>\$ 842,737</u> | <u>68,203</u>    | <u>948</u>                             | <u>22,036</u>               | <u>933,924</u> |
| Balance at January 1, 2022                             | \$ 842,737        | 42,070           | 948                                    | 19,179                      | 904,934        |
| Additions                                              | -                 | 71,374           | -                                      | -                           | 71,374         |
| Derecognized                                           | -                 | (35,722)         | -                                      | (9,117)                     | (44,839)       |
| Effect of movements in exchange rates                  | -                 | (32)             | -                                      | -                           | (32)           |
| Balance at December 31, 2022                           | <u>\$ 842,737</u> | <u>77,690</u>    | <u>948</u>                             | <u>10,062</u>               | <u>931,437</u> |
| Accumulated depreciation:                              |                   |                  |                                        |                             |                |
| Balance at January 1, 2023                             | \$ 49,713         | 14,643           | 764                                    | 6,307                       | 71,427         |
| Depreciation                                           | 22,006            | 19,144           | 316                                    | 5,925                       | 47,391         |
| Effect of losing control of subsidiaries (note (6)(h)) | -                 | (3,677)          | -                                      | -                           | (3,677)        |
| Derecognized                                           | -                 | (1,987)          | (948)                                  | (3,061)                     | (5,996)        |
| Effect of movements in exchange rates                  | <u>1</u>          | <u>(144)</u>     | <u>-</u>                               | <u>(1)</u>                  | <u>(144)</u>   |
| Balance at December 31, 2023                           | <u>\$ 71,720</u>  | <u>27,979</u>    | <u>132</u>                             | <u>9,170</u>                | <u>109,001</u> |
| Balance at January 1, 2022                             | \$ 27,706         | 27,446           | 448                                    | 10,784                      | 66,384         |
| Depreciation                                           | 22,007            | 21,220           | 316                                    | 3,530                       | 47,073         |
| Derecognized                                           | -                 | (33,872)         | -                                      | (8,007)                     | (41,879)       |
| Effect of movements in exchange rates                  | -                 | (151)            | -                                      | -                           | (151)          |
| Balance at December 31, 2022                           | <u>\$ 49,713</u>  | <u>14,643</u>    | <u>764</u>                             | <u>6,307</u>                | <u>71,427</u>  |
| Carrying amount:                                       |                   |                  |                                        |                             |                |
| Balance at December 31, 2023                           | <u>\$ 771,017</u> | <u>40,224</u>    | <u>816</u>                             | <u>12,866</u>               | <u>824,923</u> |
| Balance at December 31, 2022                           | <u>\$ 793,024</u> | <u>63,047</u>    | <u>184</u>                             | <u>3,755</u>                | <u>860,010</u> |

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
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As of December 31, 2023 and 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                                               | -                        | 125,656                       | 227,570                      | 353,226               |
| Effect of lossing control of subsidiaries (note (6)(h)) | (16,238)                 | (268,065)                     | -                            | (284,303)             |
| Derecognized                                            | -                        | (10,753)                      | (187,733)                    | (198,486)             |
| Reclassifications                                       | -                        | -                             | 286                          | 286                   |
| Balance at December 31, 2023                            | <u><u>\$ 222,051</u></u> | <u><u>294,206</u></u>         | <u><u>346,912</u></u>        | <u><u>863,169</u></u> |
| Balance at January 1, 2022                              | \$ 176,838               | 281,058                       | 265,155                      | 723,051               |
| Additions                                               | -                        | 18,159                        | 70,744                       | 88,903                |
| Acquisitions (tentative) (Note (6)(g))                  | 61,451                   | 187,144                       | 371                          | 248,966               |
| Reclassifications                                       | -                        | -                             | 2,318                        | 2,318                 |
| Derecognized                                            | -                        | (38,993)                      | (31,799)                     | (70,792)              |
| Balance at December 31, 2022                            | <u><u>\$ 238,289</u></u> | <u><u>447,368</u></u>         | <u><u>306,789</u></u>        | <u><u>992,446</u></u> |
| Accumulated amortization:                               |                          |                               |                              |                       |
| Balance at January 1, 2023                              | \$ -                     | 160,431                       | 227,308                      | 387,739               |
| Additions                                               | -                        | 76,638                        | 122,551                      | 199,189               |
| Effect of lossing control of subsidiaries (note (6)(h)) | -                        | (124,154)                     | -                            | (124,154)             |
| Derecognized                                            | -                        | (9,943)                       | (187,733)                    | (197,676)             |
| Balance at December 31, 2023                            | <u><u>\$ -</u></u>       | <u><u>102,972</u></u>         | <u><u>162,126</u></u>        | <u><u>265,098</u></u> |
| Balance at January 1, 2022                              | \$ -                     | 134,420                       | 163,981                      | 298,401               |
| Additions                                               | -                        | 65,004                        | 95,126                       | 160,130               |
| Derecognized                                            | -                        | (38,993)                      | (31,799)                     | (70,792)              |
| Balance at December 31, 2022                            | <u><u>\$ -</u></u>       | <u><u>160,431</u></u>         | <u><u>227,308</u></u>        | <u><u>387,739</u></u> |
| Carrying amount:                                        |                          |                               |                              |                       |
| Balance at December 31, 2023                            | <u><u>\$ 222,051</u></u> | <u><u>191,234</u></u>         | <u><u>184,786</u></u>        | <u><u>598,071</u></u> |
| Balance at December 31, 2022                            | <u><u>\$ 238,289</u></u> | <u><u>286,937</u></u>         | <u><u>79,481</u></u>         | <u><u>604,707</u></u> |

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

- (i) For the years ended December 31, 2023 and 2022, the Group did not recognize any impairment loss. The amortization of intangible assets was included in the statement of comprehensive income:

|                    | <u>2023</u>       | <u>2022</u>    |
|--------------------|-------------------|----------------|
| Operating costs    | \$ <u>9,203</u>   | <u>7,625</u>   |
| Operating expenses | \$ <u>189,986</u> | <u>152,505</u> |

- (ii) Impairment testing for goodwill

- 1) For the Group's impairment testing purposes, goodwill has been allocated to the operating units testing purpose. The units are the minimum level for the Group's goodwill, which should not be higher than the Group's operating divisions.

The carrying amounts of goodwill were as follow:

|                                                      | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|------------------------------------------------------|------------------------------|------------------------------|
| Laptop input device business cash-generating unit    | \$ 160,600                   | 160,600                      |
| Network communication business cash-generating units | -                            | 16,238                       |
| Other units                                          | <u>61,451</u>                | <u>61,451</u>                |
|                                                      | <u>\$ 222,051</u>            | <u>238,289</u>               |

- 2) The recoverable amounts of laptop input device business and network communication business cash-generating units (CGUs) were based on their value-in-use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The key assumptions used in the estimation of the value-in-use were as follows:

|                                                   | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|---------------------------------------------------|------------------------------|------------------------------|
| Average revenue growth rate-laptop                | 3.0 %                        | 1.2 %                        |
| Average revenue growth rate-network communication | -                            | 67.7 %                       |
| Average revenue growth rate-other business        | 34.5 %                       | 43.6 %                       |
| Discount rate                                     | 11.28 %                      | 12.34 %                      |

The key assumptions represent the management's evaluation of the future industry trends, wherein the external, internal and also historical information, were considered. The network communication business was not included in the merger due to loss of control in 2023, please refer to note (6)(g). There was no impairment loss incurred as of December 31, 2023 and 2022.

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(l) Long-term and short-term borrowings

(i) Short-term borrowings

|                                | December 31,<br>2023 | December 31,<br>2022 |
|--------------------------------|----------------------|----------------------|
| Unsecured bank loans           | \$ <u>40,000</u>     | <u>80,000</u>        |
| Range of interest rate         | <u>2.15%~2.83%</u>   | <u>1.98%~2.700%</u>  |
| Unused short-term credit lines | \$ <u>2,832,000</u>  | <u>2,935,000</u>     |

(ii) Long-term borrowings

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

- 1) The Group signed long-term loan contracts with certain banks on December 3, 2021 to build factories, with a credit period of ten years. The 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

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

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

- (i) These preference shares do not entitle a shareholder any voting rights (including the right to vote for directors and supervisors). However, these preference shares allow a shareholder to have the right to vote in the preference stockholders' meeting and matters related to the rights of shareholders of these preference shares.
- (ii) Except for dividends, these preference shares cannot be included in the distribution of earnings and capital surplus of common shares, as well as other form of preference shares.
- (iii) The dividends of these preference shares are set at an annual interest rate of 1.5%, calculated based on the total amount of subscription, and paid out in cash annually, with the approval of the shareholders after they have examined the financial report and accounting books. Thereafter, the Board of Directors shall determine the ex-dividend base date for the distribution of dividends for these preference shares, and make a payment for the payable and accumulated undistributed dividends. The dividends for each year shall be calculated starting from the date of issuance and distributed based on the actual number of issuance days of the year, wherein the issuance date shall be defined as the base date for the capital increase of

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

preference shares. If the Group incurred profit for the year, the profit shall first be used to pay taxes, then offset the previous years' deficit; thereafter, set aside 10% of the remaining profit as legal reserve. The remainder, if any, together with any undistributed retained earnings, shall be distributed as cash dividends according to the distribution plan proposed by the Board of Directors in the shareholders' meeting for approval. However, if there are no earnings in the year or the surplus is insufficient to distribute the full dividends of these preference shares, the preference shareholders shall be prioritized for the appropriation of the distributable portion; then any remainder shall be used to cover for the insufficient portion of the dividends, or distributed according to the provisions below:

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

- (iv) The preference shareholders should be prioritized during the distribution of the remaining property of the invested enterprise for these preference shares, to be followed by the ordinary shareholders, and lastly, the other preference shareholders, with an amount not exceeding the total subscription amount of the investor, plus the unobtained dividends calculated based on the issuance period of three years.
- (v) Agreed conversion: The preference shares cannot be converted into ordinary shares.
- (vi) If the investee enterprise falls under any of the following circumstances during the issuance period of the preference shares, it shall withdraw the preference shares in advance in accordance with the above provisions.
  - 1) Public offering
  - 2) The rights and obligations of the preference shares recorded in the articles of association of the invested enterprise being inconsistent with all the rights and obligations of the preference shares stipulated above, resulting in the investor to request the invested enterprise to make corrections within a certain time limit.
  - 3) The possibility of the invested enterprise violating the provisions of the subscription agreement, such as: the use of investment funds, the guarantee of continued operation, the rights and obligations of the preference shares other than those stipulated above (including, but not limited to, the invested enterprise, the undistributed dividends of the preference shares, the dividends in arrears, the conditions for early withdrawal are met but have been refused by the investor) , interested party transactions, notification obligations, obligation on providing business and financial information, and failure to promptly comply accordingly with the investor's request by making the necessary corrections.
  - 4) Money laundering prevention and combating terrorism.

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The Group recognized interest expenses amounting to \$350 and \$500 thousand for the years ended December 31, 2023 and 2022, respectively.

During the Chimei Motor Electronics Co., Ltd.'s shareholders meeting held on June 30, 2020, a resolution was passed to issue 40,000 thousand 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. On July 3, 2023, the shares have been redeemed as agreed and the amendment registration has been completed on July 21, 2023.

(n) Lease liabilities

The lease liabilities were as follows:

|             | December 31,<br>2023 | December 31,<br>2022 |
|-------------|----------------------|----------------------|
| Current     | \$ <u>27,991</u>     | <u>29,525</u>        |
| Non-current | \$ <u>689,408</u>    | <u>705,770</u>       |

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

The amounts recognized in profit or loss were as follows:

|                                                                                                  | 2023             | 2022          |
|--------------------------------------------------------------------------------------------------|------------------|---------------|
| Interest on lease liabilities                                                                    | \$ <u>11,921</u> | <u>12,096</u> |
| Expenses relating to short-term leases                                                           | \$ <u>14,716</u> | <u>15,573</u> |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | \$ <u>1,474</u>  | <u>1,132</u>  |

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

|                               | 2023             | 2022          |
|-------------------------------|------------------|---------------|
| Total cash outflow for leases | \$ <u>57,860</u> | <u>55,532</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.

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**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

Reconciliations of defined benefit obligations and plan assets at fair value were as follows:

|                                              | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|----------------------------------------------|------------------------------|------------------------------|
| Present value of defined benefit obligations | \$ 398,517                   | 417,653                      |
| Fair value of plan assets                    | <u>(129,933)</u>             | <u>(108,174)</u>             |
| Net defined benefit liabilities              | <b><u>\$ 268,584</u></b>     | <b><u>309,479</u></b>        |

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$129,933 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Group were as follows:

|                                                             | <b>2023</b>              | <b>2022</b>           |
|-------------------------------------------------------------|--------------------------|-----------------------|
| Defined benefit obligations at January 1                    | \$ 417,653               | 490,572               |
| Current service cost and interest cost                      | 7,549                    | 3,791                 |
| Remeasurements of net defined benefit liabilities (assets)  |                          |                       |
| — Actuarial loss (gain) arising from financial assumptions  | 4,721                    | (52,805)              |
| — Actuarial loss (gain) arising from experience adjustments | (21,718)                 | (14,232)              |
| Benefits paid                                               | (3,886)                  | (9,673)               |
| Transfer out from lost control of subsidiaries              | (5,802)                  | -                     |
| Defined benefit obligations at December 31                  | <u><u>\$ 398,517</u></u> | <u><u>417,653</u></u> |

3) Movements of plan assets

The movements in the fair value of plan assets for the Group were as follows:

|                                                            | <b>2023</b>              | <b>2022</b>           |
|------------------------------------------------------------|--------------------------|-----------------------|
| Fair value of plan assets at January 1                     | \$ 108,174               | 93,579                |
| Interest income                                            | 1,726                    | 594                   |
| Remeasurements of net defined benefit liabilities (assets) |                          |                       |
| — Return on plan assets excluding interest income          | 663                      | 7,454                 |
| Contributions paid by the employer                         | 25,825                   | 15,869                |
| Benefits paid                                              | (2,360)                  | (9,322)               |
| Transfer out from lost control of subsidiaries             | (4,095)                  | -                     |
| Fair value of plan assets at December 31                   | <u><u>\$ 129,933</u></u> | <u><u>108,174</u></u> |

4) Expenses recognized in profit or loss

The Group's expenses recognized in profit or loss for the years ended December 31, 2023 and 2022, were as follows:

|                                                                 | <b>2023</b>            | <b>2022</b>         |
|-----------------------------------------------------------------|------------------------|---------------------|
| Current service costs                                           | \$ 737                 | 817                 |
| Net interest of net liabilities for defined benefit obligations | 5,101                  | 2,380               |
|                                                                 | <u><u>\$ 5,838</u></u> | <u><u>3,197</u></u> |

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

|                                   | <u>2023</u>            | <u>2022</u>         |
|-----------------------------------|------------------------|---------------------|
| Operating cost                    | \$ 461                 | 270                 |
| Selling expenses                  | 492                    | 204                 |
| Administration expenses           | 331                    | 274                 |
| Research and development expenses | <u>4,554</u>           | <u>2,449</u>        |
|                                   | <u><u>\$ 5,838</u></u> | <u><u>3,197</u></u> |

- 5) Remeasurements of net defined benefit liabilities (assets) recognized in other comprehensive income

The Group's remeasurements of net defined benefit liabilities (assets) recognized in other comprehensive income for the years ended December 31, 2023 and 2022, were as follows:

|                        | <u>2023</u>               | <u>2022</u>            |
|------------------------|---------------------------|------------------------|
| Balance at January 1   | \$ (38,977)               | 35,514                 |
| Recognized             | <u>(17,660)</u>           | <u>(74,491)</u>        |
| Balance at December 31 | <u><u>\$ (56,637)</u></u> | <u><u>(38,977)</u></u> |

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

|                             | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|-----------------------------|------------------------------|------------------------------|
| Discount rate               | 1.625%                       | 1.750%                       |
| Future salary increase rate | 2.00%~ 5.00%                 | 2.00%~ 5.00%                 |

The expected allocation payment to be made by the Group to the defined benefit plans for one-year period after the reporting date was \$5,917 thousand.

As of December 31, 2023 and 2022, the weighted-average lifetime of the defined benefits plans were 13.14 years and 13.94 years.

- 7) Sensitivity analysis

Calculations of the present value of the defined benefit obligations were based on the judgements and estimates made on the actuarial assumptions as of the balance sheet date, including discount rate, employee turnover rate and future salary changes. Any change in the actuarial assumptions would affect the defined benefit obligations at the reporting date.

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

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

|                               | <b>Impact on the defined benefit obligations</b> |                              |
|-------------------------------|--------------------------------------------------|------------------------------|
|                               | <b>Increase by<br/>0.25%</b>                     | <b>Decrease by<br/>0.25%</b> |
| December 31, 2023             |                                                  |                              |
| Discount rate                 | \$ (9,366)                                       | 9,681                        |
| Future salary increasing rate | 9,100                                            | (8,860)                      |
| December 31, 2022             |                                                  |                              |
| Discount rate                 | \$ (10,626)                                      | 11,014                       |
| Future salary increasing rate | 10,391                                           | (10,085)                     |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

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

|                                   | <b>2023</b>      | <b>2022</b>   |
|-----------------------------------|------------------|---------------|
| Operating cost                    | \$ 9,246         | 9,142         |
| Selling expenses                  | 6,429            | 6,576         |
| Administration expenses           | 11,073           | 10,604        |
| Research and development expenses | 54,692           | 54,376        |
|                                   | <b>\$ 81,440</b> | <b>80,698</b> |

(p) Income taxes

- (i) The Group is subject to Taiwan income tax at rates of 20% for 2023 and 2022, and also adopted the "Income Basic Tax Act" to calculate the tax. Elan Information is registered in California, United States of America, and it is subject to a Federal corporate income tax rate of 34%. The taxable income of Elan (H.K.) amounting to HKD\$2,000 thousand is subject to a 2nd tier income tax at rates of 8.25%, and others at the rate of 16.5%. The income tax rate of Elan Shanghai, Elan Shenzhen and Gianteye Technology (Shanghai) Co., Ltd. is 25%. Power Asia and Chimei Samoa are registered in Mauritius and Samoa separately where international group entities, under local provisions, are exempted from corporate income tax. Metanoia EU is registered in France and the corporate income tax rate is 33.33%.

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

The components of income tax were as follow:

|                      | <u>2023</u>              | <u>2022</u>           |
|----------------------|--------------------------|-----------------------|
| Current tax expense  | \$ 497,848               | 672,955               |
| Deferred tax expense | <u>(10,077)</u>          | <u>(3,396)</u>        |
| Income tax expense   | <u><u>\$ 487,771</u></u> | <u><u>669,559</u></u> |

Reconciliation of income tax and profit before tax for the years ended December 31, 2023 and 2022 is as follows:

|                                                                  | <u>2023</u>                | <u>2022</u>             |
|------------------------------------------------------------------|----------------------------|-------------------------|
| Income before income tax                                         | <u><u>\$ 2,472,801</u></u> | <u><u>2,702,972</u></u> |
| Income tax using the Group's domestic tax rate                   | \$ 494,560                 | 540,594                 |
| Effect of tax rates in foreign jurisdiction                      | (5,312)                    | (7,109)                 |
| Investment tax credit                                            | (49,719)                   | (53,249)                |
| Investment income from domestic securities                       | 8,399                      | 9,512                   |
| Suspension of tax-exempt gain on disposal of domestic securities | 397                        | 268                     |
| Tax-exempt gain on dividend revenue of domestic securities       | (6,895)                    | (17,444)                |
| Change in unrecognized temporary differences                     | (218,559)                  | 138,107                 |
| Prior year's income tax adjustment                               | (24,605)                   | 6,699                   |
| The amount of expired loss carry-forward                         | 287,730                    | 43,258                  |
| Additional tax on undistributed earnings                         | 4,430                      | 25,613                  |
| Others                                                           | <u>(2,655)</u>             | <u>(16,690)</u>         |
| Total                                                            | <u><u>\$ 487,771</u></u>   | <u><u>669,559</u></u>   |

The Group had no income tax directly recognized under other comprehensive profits and losses in 2023 and 2022.

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

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

|                                                   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---------------------------------------------------|------------------------------|------------------------------|
| Realized valuation losses on long-term investment | \$ 177,836                   | 224,614                      |
| Tax-deductible loss carry-forward                 | 262,336                      | 519,488                      |
| Unfunded pension expense                          | 86,673                       | 90,511                       |
| Provision for decline in value of inventories     | 93,805                       | 87,095                       |
| Others                                            | 15,607                       | 16,087                       |
|                                                   | <b>\$ 636,257</b>            | <b>937,795</b>               |

Regarding the deductible temporary differences from investment tax credit, the deferred tax assets have not been recognized in respect of these items because it is not probable that the future taxable gain on disposal of securities will be available against which the Group can utilize the benefits therefrom. The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets were not recognized, as management determined that it is not probable that there will be sufficient taxable gains in the future.

As of December 31, 2023, the net losses that have not been recognized as deferred tax assets and the expiration years were as follows:

a) Domestic consolidated entities

| <b>Year of loss</b> | <b>Expiry date</b> | <b>Unused tax loss</b> |
|---------------------|--------------------|------------------------|
| 2014                | 2024               | 113,726                |
| 2015                | 2025               | 72,704                 |
| 2016                | 2026               | 107,172                |
| 2017                | 2027               | 212,117                |
| 2018                | 2028               | 201,714                |
| 2019                | 2029               | 145,175                |
| 2020                | 2030               | 103,295                |
| 2021                | 2031               | 62,612                 |
| 2022                | 2032               | 127,899                |
| 2023                | 2033               | 141,947                |
|                     |                    | <b>\$ 1,288,361</b>    |

b) Foreign consolidated entities

|                  | <b>Applicable years</b> | <b>Unused amount</b> |
|------------------|-------------------------|----------------------|
| Elan Information | 2022-2033               | <b>\$ 13,718</b>     |

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

2) Recognized deferred tax assets and liabilities

Movements of recognized deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

Deferred Tax Liabilities:

|                              | <b>Fair<br/>Value Gains</b> |
|------------------------------|-----------------------------|
| Balance at January 1, 2023   | \$ (3,365)                  |
| Recognized in profit or loss | <u>3,066</u>                |
| Balance at December 31, 2023 | <u><u>\$ (299)</u></u>      |
| Balance at January 1, 2022   | \$ (1,067)                  |
| Recognized in profit or loss | <u>(2,298)</u>              |
| Balance at December 31, 2022 | <u><u>\$ (3,365)</u></u>    |

Deferred Tax Assets:

|                              | <b>Decline in<br/>Value<br/>of Inventories</b> | <b>Others</b>        | <b>Total</b>         |
|------------------------------|------------------------------------------------|----------------------|----------------------|
| Balance at January 1, 2023   | \$ 36,029                                      | 9,659                | 45,688               |
| Recognized in profit or loss | <u>5,745</u>                                   | <u>1,266</u>         | <u>7,011</u>         |
| Balance at December 31, 2023 | <u><u>\$ 41,774</u></u>                        | <u><u>10,925</u></u> | <u><u>52,699</u></u> |
| Balance at January 1, 2022   | \$ 34,985                                      | 5,009                | 39,994               |
| Recognized in profit or loss | <u>1,044</u>                                   | <u>4,650</u>         | <u>5,694</u>         |
| Balance at December 31, 2022 | <u><u>\$ 36,029</u></u>                        | <u><u>9,659</u></u>  | <u><u>45,688</u></u> |

(iii) The Group's tax returns for the year through 2020 were assessed by the tax authorities.

The income tax for profit-making enterprises of domestic subsidiaries has been approved until 2021.

All overseas subsidiaries have reported to the local tax bureau until 2022.

(q) Capital and other equity

(i) Ordinary share

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

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

(ii) Capital surplus

The balances of capital surplus were as follows:

|                                                                         | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-------------------------------------------------------------------------|------------------------------|------------------------------|
| Additional paid-in capital                                              | \$ 231,051                   | 231,051                      |
| Treasury share transactions                                             | 611,281                      | 509,478                      |
| Difference arising from subsidiary's share price and its carrying value | 94,548                       | 97,899                       |
|                                                                         | <b><u>\$ 936,880</u></b>     | <b><u>838,428</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 Group 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.

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**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 Group'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:

|                                      | For the six month<br>ended December<br>31 2023 | For the six month<br>ended June 30<br>2023 | 2022<br>May 31 2023 | 2021<br>June 15 2022 |
|--------------------------------------|------------------------------------------------|--------------------------------------------|---------------------|----------------------|
| Shareholders meeting resolution date | -                                              | -                                          |                     | February 22,         |
| Board resolution date                | February 22, 2024                              | August 3, 2023                             | February 22, 2023   | 2022                 |
| Cash dividend                        | \$ 911,641                                     | 607,760                                    | 1,823,282           | 4,102,385            |
| Cash dividend per share              | \$ 3.00                                        | 2.04                                       | 6.13                | 13.81                |

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

(iv) Treasury shares

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

- 1) The Group 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:

|                                          | For the years ended<br>December 31<br>2023 |                     | For the years ended<br>December 31<br>2022 |                  |
|------------------------------------------|--------------------------------------------|---------------------|--------------------------------------------|------------------|
|                                          | Shares<br>(in thousands)                   | Amounts             | Shares<br>(in thousands)                   | Amounts          |
| Ending<br>balance(beginnin<br>g balance) | <u>6,857</u>                               | <u>\$ 1,077,510</u> | <u>6,857</u>                               | <u>1,077,510</u> |

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
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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.

On January 15, 2024, the Group passed the resolution of the board of directors and transferred all treasury shares to employees in installments at the repurchase price. The number of shares transferred was 6,857,000 shares and the transfer amount was \$1,077,920 thousand.

- 2) Elan Investment Corp., a subsidiary of the Group, invested in Elantech before the Company acquired Elantech, and held the Company's stock after the Company's acquisition of Elantech. For the years ended December 31, 2023 and 2022, the information on the Company's stock held by Elan Investment Corp. was as follows:

|                             | For the years ended December 31 |                  |                    |                       |                  |                    |
|-----------------------------|---------------------------------|------------------|--------------------|-----------------------|------------------|--------------------|
|                             | 2023                            |                  |                    | 2022                  |                  |                    |
|                             | Shares (in thousands)           | Acquisition cost | Total market value | Shares (in thousands) | Acquisition cost | Total market value |
| Opening balance             | 12,438                          | \$ 28,975        | 1,069,685          | 12,438                | 28,975           | 2,114,494          |
| Effects of valuation change | -                               | -                | 951,522            | -                     | -                | (1,044,809)        |
| Ending balance              | <u>12,438</u>                   | <u>\$ 28,975</u> | <u>2,021,207</u>   | <u>12,438</u>         | <u>28,975</u>    | <u>1,069,685</u>   |

The Company transferred cash dividend revenue received by Elan Investment Corp. amounting to \$101,803 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:

|                                                                                                            | For the year ended December 31, 2023                                |                                                                                                           |                |
|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|----------------|
|                                                                                                            | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Total          |
| Balance at January 1                                                                                       | \$ (4,706)                                                          | 15,784                                                                                                    | 11,078         |
| Exchange differences on foreign operations:                                                                |                                                                     |                                                                                                           |                |
| The Group                                                                                                  | (691)                                                               | -                                                                                                         | (691)          |
| Associates                                                                                                 | 53                                                                  | -                                                                                                         | 53             |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income: |                                                                     |                                                                                                           |                |
| The Group                                                                                                  | -                                                                   | 103,356                                                                                                   | 103,356        |
| Balance at December 31                                                                                     | <u>\$ (5,344)</u>                                                   | <u>119,140</u>                                                                                            | <u>113,796</u> |

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

|                                                                                                                  | <b>For the year ended December 31, 2022</b>                                        |                                                                                                                                  |               |
|------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|---------------|
|                                                                                                                  | <b>Exchange differences on<br/>translation of foreign<br/>financial statements</b> | <b>Unrealized gains<br/>(losses) from financial<br/>assets measured at fair<br/>value through other<br/>comprehensive income</b> | <b>Total</b>  |
| Balance at January 1                                                                                             | \$ (6,923)                                                                         | 202,017                                                                                                                          | 195,094       |
| Exchange differences on foreign operations:                                                                      |                                                                                    |                                                                                                                                  |               |
| The Group                                                                                                        | 2,207                                                                              | -                                                                                                                                | 2,207         |
| Associates                                                                                                       | 10                                                                                 | -                                                                                                                                | 10            |
| Unrealized gains (losses) from financial assets<br>measured at fair value through other<br>comprehensive income: |                                                                                    |                                                                                                                                  |               |
| The Group                                                                                                        | -                                                                                  | (186,233)                                                                                                                        | (186,233)     |
| Balance at December 31                                                                                           | <u>\$ (4,706)</u>                                                                  | <u>15,784</u>                                                                                                                    | <u>11,078</u> |

(vi) Non-controlling interests

|                                                                        | <b>2023</b>       | <b>2022</b>    |
|------------------------------------------------------------------------|-------------------|----------------|
| Balance at January 1                                                   | \$ 732,525        | 230,894        |
| Net profit (loss) attributable to Non-controlling<br>interests :       |                   |                |
| Net loss                                                               | (158,490)         | (118,263)      |
| Acquisitions                                                           | -                 | 349,008        |
| Capital surplus, employee share options                                | -                 | 1,363          |
| Actuarial gains and losses                                             | -                 | 290            |
| Effect of lossing control of subsidiaries                              | (179,492)         | -              |
| Changes in ownership interests in subsidiaries                         | 3,351             | (35,457)       |
| Capital Increase                                                       | 10,189            | 304,546        |
| Exchange differences on translation of foreign financial<br>statements | (471)             | 144            |
| Balance at December 31                                                 | <u>\$ 407,612</u> | <u>732,525</u> |

(r) Share-based payment

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

- (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**  
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Eminent adopted the Black-Scholes model to measure the fair value of the share-based payment at the grant date. Since Eminent's shares are not traded in the public market, there is no public trading price for reference. The stock price to net value ratio of listed companies in similar industries is used as a multiplier, and the liquidity discount factor is taken into account to evaluate the stock market price on the date of issuance. 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 years ended December 31, 2023 and 2022 were as follows:

|                                    | <b>For the years ended<br/>December 31, 2023</b> |                                        | <b>For the years ended<br/>December 31, 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 December 31         | -                                                | \$ -                                   | -                                                | -                                      |
| Exercisable at December 31         | -                                                | -                                      | -                                                | -                                      |

- (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:

| <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                                        |

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

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.

The Group recognized share-based payment cost amounting to \$0 and \$1,363 thousand for the three months ended December 31, 2023 and 2022 recognized under operation expense.

(s) Earnings per share

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

(i) Basic earnings per share:

|                                                                       | <u>2023</u>      | <u>2022</u>      |
|-----------------------------------------------------------------------|------------------|------------------|
| Net profit attributable to ordinary shareholders of the Group         | <u>2,143,520</u> | <u>2,151,676</u> |
| Weighted-average number of ordinary shares outstanding (in thousands) | <u>284,585</u>   | <u>284,585</u>   |
| Earnings per share (in dollars)                                       | <u>7.53</u>      | <u>7.56</u>      |

(ii) Diluted earnings per share:

|                                                                                | <u>2023</u>      | <u>2022</u>      |
|--------------------------------------------------------------------------------|------------------|------------------|
| Net profit attributable to ordinary shareholders of the Group (diluted)        | <u>2,143,520</u> | <u>2,151,676</u> |
| Weighted-average number of ordinary shares outstanding (in thousands)          | 284,585          | 284,585          |
| Effect of dilutive potential ordinary shares (in thousands)                    |                  |                  |
| — employee share bonus                                                         | <u>2,890</u>     | <u>4,566</u>     |
| Weighted-average number of ordinary shares outstanding (diluted)(in thousands) | <u>287,475</u>   | <u>289,151</u>   |
| Diluted earnings per share (in dollars)                                        | <u>7.46</u>      | <u>7.44</u>      |

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

|                | <u>2023</u>          | <u>2022</u>       |
|----------------|----------------------|-------------------|
| Taiwan         | \$ 801,359           | 1,043,560         |
| Mainland China | 1,820,302            | 2,459,068         |
| Hong Kong      | 9,240,554            | 9,302,571         |
| America        | 18,684               | 35,064            |
| Europe         | 50,098               | 42,674            |
| Others         | <u>127,518</u>       | <u>147,547</u>    |
|                | <u>\$ 12,058,515</u> | <u>13,030,484</u> |

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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).

(u) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

|                                    | <b>2023</b>      | <b>2022</b>   |
|------------------------------------|------------------|---------------|
| Interest income from bank deposits | <u>\$ 41,725</u> | <u>34,464</u> |

(ii) Other income

|                   | <b>2023</b>      | <b>2022</b>    |
|-------------------|------------------|----------------|
| Rent income       | \$ 528           | -              |
| Dividend income   | 34,475           | 93,807         |
| Government grants | 44,384           | 5,454          |
| Others            | <u>16,612</u>    | <u>45,515</u>  |
| Total             | <u>\$ 95,999</u> | <u>144,776</u> |

(iii) Other gains and losses

|                                                                                  | <b>2023</b>        | <b>2022</b>      |
|----------------------------------------------------------------------------------|--------------------|------------------|
| Foreign exchange gains                                                           | \$ 5,710           | 223,363          |
| Loss on disposal of investments                                                  | (1,650)            | -                |
| Profit from lease modification                                                   | -                  | 160              |
| Gains (losses) on financial asset valuation at fair value through profit or loss | 114,184            | (416,264)        |
| Loss of financial asset at fair value through profit or loss                     | (168,774)          | -                |
| (Loss) gain on disposals of property, plant and equipment                        | 848                | (438)            |
| Miscellaneous disbursements                                                      | <u>(801)</u>       | <u>(2,895)</u>   |
| Total                                                                            | <u>\$ (50,483)</u> | <u>(196,074)</u> |

(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.

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For the years ended December 31, 2023 and 2022, the amounts of employees' bonuses were estimated at \$386,000 thousand and \$334,000 thousand, respectively. The amounts of compensation to directors and supervisors were estimated at \$39,000 thousand and \$41,000 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These bonuses and compensation were expensed under operating costs or operating expenses during 2023 and 2022. Related information would be available at the Market Observation Post System website. There were no differences between the distribution amounts of bonuses and compensation decided by the Board mentioned above and the estimated amounts of the Group's Consolidated Financial Statements for 2023 and 2022.

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

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

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 December 31, 2023 and 2022, 90% and 77%, respectively, of accounts receivables were due from the ten largest customers. Thus, credit risk was significantly concentrated.

3) Receivables and debt securities

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

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

(ii) Liquidity risk

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

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|                                      | <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, 2023</b>             |                            |                                   |                            |                        |                       |                       |                         |
| Non-derivative financial liabilities |                            |                                   |                            |                        |                       |                       |                         |
| Short-term borrowings                | \$ 40,000                  | 40,391                            | 268                        | 40,123                 | -                     | -                     | -                       |
| Notes and accounts payable           | 1,184,992                  | 1,184,992                         | 1,184,992                  | -                      | -                     | -                     | -                       |
| Other payables                       | 974,061                    | 974,061                           | 974,061                    | -                      | -                     | -                     | -                       |
| Lease liabilities                    | 717,399                    | 915,285                           | 14,235                     | 21,139                 | 22,999                | 52,555                | 804,357                 |
| Long-term borrowings                 | 468,640                    | 498,867                           | 2,812                      | 2,812                  | 16,776                | 213,800               | 262,667                 |
| Deposits Received                    | <u>41,187</u>              | <u>41,187</u>                     | <u>41,187</u>              | <u>-</u>               | <u>-</u>              | <u>-</u>              | <u>-</u>                |
|                                      | <b><u>\$ 3,426,279</u></b> | <b><u>3,654,783</u></b>           | <b><u>2,217,555</u></b>    | <b><u>64,074</u></b>   | <b><u>39,775</u></b>  | <b><u>266,355</u></b> | <b><u>1,067,024</u></b> |
| <b>December 31, 2022</b>             |                            |                                   |                            |                        |                       |                       |                         |
| Non-derivative financial liabilities |                            |                                   |                            |                        |                       |                       |                         |
| Short-term borrowings                | \$ 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                    | <u>65,212</u>              | <u>65,212</u>                     | <u>65,212</u>              | <u>-</u>               | <u>-</u>              | <u>-</u>              | <u>-</u>                |
|                                      | <b><u>\$ 2,230,002</u></b> | <b><u>2,440,433</u></b>           | <b><u>1,452,075</u></b>    | <b><u>80,909</u></b>   | <b><u>30,490</u></b>  | <b><u>56,573</u></b>  | <b><u>820,386</u></b>   |

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:

|                               | <b>December 31, 2023</b>    |                          |            | <b>December 31, 2022</b>    |                          |            |
|-------------------------------|-----------------------------|--------------------------|------------|-----------------------------|--------------------------|------------|
|                               | <u>Foreign<br/>currency</u> | <u>Exchange<br/>rate</u> | <u>NTD</u> | <u>Foreign<br/>currency</u> | <u>Exchange<br/>rate</u> | <u>NTD</u> |
| <u>Financial assets:</u>      |                             |                          |            |                             |                          |            |
| <u>Monetary item</u>          |                             |                          |            |                             |                          |            |
| USD                           | \$ 102,294                  | 30.71                    | 3,141,452  | 76,938                      | 30.73                    | 2,364,298  |
| <u>Financial liabilities:</u> |                             |                          |            |                             |                          |            |
| <u>Monetary item</u>          |                             |                          |            |                             |                          |            |
| USD                           | 58,176                      | 30.71                    | 1,786,591  | 34,183                      | 30.73                    | 1,050,446  |

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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 December 31, 2023 and 2022 would have increased (decreased) the net profit after tax by \$54,194 thousand and \$52,554 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variables remaining constant. The analysis is performed on the same basis in 2023 and 2022.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. The foreign exchange gain (including realized and unrealized portions) amounted to \$5,710 thousand and \$223,363 thousand for the years ended December 31, 2023 and 2022, respectively.

(iv) Interest rate analysis

The Group's exposure to interest rate risk of financial assets and liabilities was disclosed in the "Liquidity Risk" section of the note.

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments on reporting date. For variable rates on assets and liabilities, the sensitivity analysis assumes the variable rates on assets and liabilities are outstanding for the whole year on the reporting date. The Group's internal department reported the increases/decreases in the interest rates and the exposure to changes in interest rates on 0.5% on behalf of the Group's key management so as to allow the key management to assess the reasonableness of the changes in the interest rates.

If the interest rate increases/decreases by 0.5%, the Group's net income will increase/decrease by \$147 thousand and \$155 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remaining unchanged. This was mainly due to the Group's time deposits and borrowings at variable rates.

(v) Other market price risk

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

|                                               | For the years ended<br>December 31            |            | For the years ended<br>December 31            |            |
|-----------------------------------------------|-----------------------------------------------|------------|-----------------------------------------------|------------|
|                                               | 2023                                          |            | 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%                                   | \$ 16,358                                     | 76,754     | 12,224                                        | 47,939     |
| Decrease 5%                                   | \$ (16,358)                                   | (76,754)   | (12,224)                                      | (47,939)   |

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(vi) 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:

|                                                                                 | December 31, 2023   |                  |          |                  |                  |
|---------------------------------------------------------------------------------|---------------------|------------------|----------|------------------|------------------|
|                                                                                 | Book value          | Fair Value       |          |                  | total            |
|                                                                                 |                     | Level 1          | Level 2  | Level 3          |                  |
| Financial assets at fair value through profit or loss (current and non-current) | \$ 1,918,860        | 648,676          | -        | 1,270,184        | 1,918,860        |
| Financial assets at fair value through other comprehensive income               |                     |                  |          |                  |                  |
| Stocks                                                                          | 408,947             | 386,750          | -        | 22,197           | 408,947          |
| Accounts receivable                                                             | 830,811             | -                | -        | -                | -                |
| Subtotal                                                                        | 1,239,758           | 386,750          | -        | 22,197           | 408,947          |
| Financial assets measured at amortized cost                                     |                     |                  |          |                  |                  |
| Cash and cash equivalents                                                       | 2,614,034           | -                | -        | -                | -                |
| Notes and accounts receivable                                                   | 312,107             | -                | -        | -                | -                |
| Other receivables                                                               | 916,755             | -                | -        | -                | -                |
| Financial assets measured at amortized cost (current and non-current)           | 1,459,878           | -                | -        | -                | -                |
| Guarantee deposits (current and non-current)                                    | 62,952              | -                | -        | -                | -                |
| Subtotal                                                                        | 5,365,726           | -                | -        | -                | -                |
| Total                                                                           | <u>\$ 8,524,344</u> | <u>1,035,426</u> | <u>-</u> | <u>1,292,381</u> | <u>2,327,807</u> |
| Financial liabilities measured at amortized cost                                |                     |                  |          |                  |                  |
| Short-term borrowings                                                           | \$ 40,000           | -                | -        | -                | -                |
| Notes and accounts payable                                                      | 1,184,992           | -                | -        | -                | -                |
| Other payables                                                                  | 974,061             | -                | -        | -                | -                |
| Lease liabilities (current and non-current)                                     | 717,399             | -                | -        | -                | -                |
| Long-term borrowings                                                            | 468,640             | -                | -        | -                | -                |
| Guarantee deposits received                                                     | 41,187              | -                | -        | -                | -                |
| Total                                                                           | <u>\$ 3,426,279</u> | <u>-</u>         | <u>-</u> | <u>-</u>         | <u>-</u>         |

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|                                                                                 | December 31, 2022 |            |         |           |           |
|---------------------------------------------------------------------------------|-------------------|------------|---------|-----------|-----------|
|                                                                                 | Book value        | Fair Value |         |           |           |
|                                                                                 |                   | Level 1    | Level 2 | Level 3   | total     |
| 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)                                     | 62,148            | -          | -       | -         | -         |
| Subtotal                                                                        | 4,092,447         | -          | -       | -         | -         |
| Total                                                                           | \$ 6,806,277      | 672,750    | 391,203 | 1,239,643 | 2,303,596 |
| Financial liabilities measured at amortized cost                                |                   |            |         |           |           |
| Short-term borrowings                                                           | 80,000            | -          | -       | -         | -         |
| Notes and accounts receivable                                                   | 721,448           | -          | -       | -         | -         |
| Other receivables                                                               | 588,047           | -          | -       | -         | -         |
| Lease liabilities (current and non-current)                                     | 735,295           | -          | -       | -         | -         |
| Redeemable preferred stock                                                      | 40,000            | -          | -       | -         | -         |
| Guarantee deposits received                                                     | 65,212            | -          | -       | -         | -         |
| Total                                                                           | \$ 2,230,002      | -          | -       | -         | -         |

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.

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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 years ended December 31, 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                                                     | 61,224                                                                                                                                      | -                                                                                        | 61,224           |
| In other comprehensive income                                         | -                                                                                                                                           | 9,101                                                                                    | 9,101            |
| Purchased                                                             | 16,471                                                                                                                                      | -                                                                                        | 16,471           |
| Capital reduction for redistribution to shareholders                  | (34,058)                                                                                                                                    | -                                                                                        | (34,058)         |
| Ending Balance, December 31, 2023                                     | <u>\$ 1,270,184</u>                                                                                                                         | <u>22,197</u>                                                                            | <u>1,292,381</u> |
| Opening balance, January 1, 2022                                      | \$ 1,053,977                                                                                                                                | 20,969                                                                                   | 1,074,946        |
| Total gains and losses recognized:                                    |                                                                                                                                             |                                                                                          |                  |
| In profit or loss                                                     | (119,606)                                                                                                                                   | -                                                                                        | (119,606)        |
| In other comprehensive income                                         | -                                                                                                                                           | (7,873)                                                                                  | (7,873)          |
| Purchased                                                             | 353,706                                                                                                                                     | -                                                                                        | 353,706          |
| Receivables from Capital reduction for redistribution to shareholders | (40,648)                                                                                                                                    | -                                                                                        | (40,648)         |
| disposal                                                              | (20,882)                                                                                                                                    | -                                                                                        | (20,882)         |
| Ending Balance, December 31, 2022                                     | <u>\$ 1,226,547</u>                                                                                                                         | <u>13,096</u>                                                                            | <u>1,239,643</u> |

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

|                                                                                                                                                      | <u>2023</u> | <u>2022</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| Total gains and losses recognized:                                                                                                                   |             |             |
| In profit or loss, and presented in “other gains and losses”                                                                                         | 61,224      | (119,606)   |
| In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income” | 9,101       | (7,873)     |

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

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

Quantified information of significant unobservable inputs was as follows:

| Item                                                                                                | Valuation technique      | Significant unobservable inputs                                                                                                                                                                                                                                                                                                                                  | Inter-relationship between significant unobservable inputs and fair value measurement                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial assets at fair value through profit or loss - equity investments without an active market | Market Comparison Method | <ul style="list-style-type: none"> <li>· Price-to-book ratio (December 31, 2023 and December 31, 2022: 1.38 to 1.68 and 1.09 to 1.31)</li> <li>· Liquidity discount (December 31, 2023 and December 31, 2022: 21.65% to 30% and 28.62%, 30%)</li> <li>· Enterprise-Value-to-Revenue Multiple (December 31, 2023 and December 31, 2022: 2.40 and 1.85)</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:

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|                                                       |                     |     | <u>Increase or decrease</u> | <u>Profit or loss</u> |                    |
|-------------------------------------------------------|---------------------|-----|-----------------------------|-----------------------|--------------------|
|                                                       | <u>Inputs</u>       |     |                             | <u>Favorable</u>      | <u>Unfavorable</u> |
| <b>December 31, 2023</b>                              |                     |     |                             |                       |                    |
| Financial assets at fair value through profit or loss |                     |     |                             |                       |                    |
| Equity investments without an active market           | Valuation multiples | 10% | \$                          | 1,183                 | (1,183)            |
|                                                       | Liquidity discount  | 10% |                             | 428                   | (428)              |
|                                                       | Net Asset Value     | 10% |                             | 125,847               | (125,847)          |
| <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)          |

(x) Financial risk management

(i) Overview

The Group has exposure to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to respective notes in the report.

(ii) Risk Management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The Group's finance department provides business services to meet other departments' requests and negotiate all necessary transactions on financial markets. In addition, all significant financial activities have to be examined and approved by the Board of Directors. The Group's financial activities must be in accordance with the overall financial risk management, segregation of duties, and other related policies of the Group. The Group's audit committee continues to review the amount of the risk exposure in accordance with the Group's policy and the risk management policies and procedures. The committee reports regularly to the Board of Directors on its activities.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

(Continued)

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

1) Accounts receivable and other receivables

The finance department has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the finance department. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Trade and other receivables mainly relate to a wide range of customers from different industries and geographic regions. To minimize the credit risk, the Group continues to assess the financial condition and credit risk of its customers. Allowance for doubtful accounts is recognized if necessary.

The account of allowance for doubtful receivables was created by the Group in order to reflect the estimate of the losses had been incurred on accounts receivable and other receivables. The abovementioned account mainly consists of specific losses, relating to significant risk, which were measured individually and other unidentified losses which were measured by grouping similar assets together. The measurement of losses by grouping similar assets together was based on the statistical data of payment history of similar financial assets.

2) Investments

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Group's finance department. As the Group deals with the banks and other external parties with good credit standing financial institutions, the management believes that the Group do not have any compliance issues, and therefore, there is no significant credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(Continued)

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

1) Currency risk

The Group is exposed to currency risk on sales and purchase that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily US Dollars (USD). Natural hedge was adopted to minimize the Group's currency risk. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

Interest risk is the risk that changes in market interest rates will affect the fair value of the Group's financial instruments. For detailed information of interest rate risk exposure, please refer to the liquidity risk management of the note.

3) Other market price risk

The Group is exposed to other market price risk due to investments of stocks from listed entities. These investments are classified as long-term strategic investment other than held-for-trading investments. The Group was not actively involved in trading these investments.

(y) Capital management

The Group meets its objectives to manage its capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders and interest of other related parties and to maintain an optimal capital structure to reduce the cost of capital.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence, and to sustain future development of the business. Capital consists of all equity (i.e. ordinary shares, capital surplus, retained earnings and other equity) and net liabilities of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

After being approved by the Board of Directors, the Group purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily, the shares are intended to be used for issuing shares under the Group's share option program. Buy-and-sell decisions are made on a specific transaction basis by the Board of Directors.

The Group's debt-to-equity ratios at the end of the reporting period as of December 31, 2023 and 2022 were as follows:

|                                 | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---------------------------------|------------------------------|------------------------------|
| Total liabilities               | \$ 4,792,246                 | 3,702,608                    |
| Less: cash and cash equivalents | (2,614,034)                  | (2,663,688)                  |
| Net debt                        | <u>\$ 2,178,212</u>          | <u>1,038,920</u>             |
| Total equity                    | <u>\$ 8,819,577</u>          | <u>8,889,697</u>             |
| Debt-to-equity ratio            | <u>24.70 %</u>               | <u>11.69 %</u>               |

(Continued)

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

(z) 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 December 31, 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:

|                                             |                   |                | Non-cash changes          |               | December 31, 2023 |
|---------------------------------------------|-------------------|----------------|---------------------------|---------------|-------------------|
|                                             |                   |                | Foreign exchange movement | Others        |                   |
|                                             | January 1, 2023   | Cash flows     |                           |               |                   |
| Short-term borrowings                       | \$ 80,000         | (40,000)       | -                         | -             | 40,000            |
| Long-term borrowings                        | -                 | 468,640        | -                         | -             | 468,640           |
| Lease liabilities                           | 735,295           | (29,749)       | (153)                     | 12,006        | 717,399           |
| Preferred stock liabilities                 | 40,000            | (40,000)       | -                         | -             | -                 |
| Guarantee deposits received                 | 65,212            | (24,025)       | -                         | -             | 41,187            |
| Total liabilities from financing activities | <u>\$ 920,507</u> | <u>334,866</u> | <u>(153)</u>              | <u>12,006</u> | <u>1,267,226</u>  |

|                                             |                   |               | Non-cash changes          |               | December 31, 2022 |
|---------------------------------------------|-------------------|---------------|---------------------------|---------------|-------------------|
|                                             |                   |               | Foreign exchange movement | Others        |                   |
|                                             | January 1, 2022   | Cash flows    |                           |               |                   |
| Short-term borrowings                       | \$ 30,000         | 50,000        | -                         | -             | 80,000            |
| Lease liabilities                           | 693,369           | (26,731)      | 136                       | 68,521        | 735,295           |
| Guarantee deposits received                 | 36,641            | 28,570        | 1                         | -             | 65,212            |
| Total liabilities from financing activities | <u>\$ 760,010</u> | <u>51,839</u> | <u>137</u>                | <u>68,521</u> | <u>880,507</u>    |

**(7) Related-party transactions:**

(a) Names and relationships with related parties

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

| Name of related party        | Relationship with the Group                                                                                                                                                             |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Metanoia Communications Inc. | Metanoia was originally a subsidiary of the Group. However, the Group lost control over Metanoia on June 30, 2023; hence it became an associated enterprise of the Group from the date. |
| Key management personnel     | All directors, supervisors, president and vice president of the Group's key management personnel                                                                                        |

(Continued)



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

(b) Significant transactions with related parties

(i) Raw materials purchasing services and other operating income

|                     | <u>2023</u>   | <u>2022</u> |
|---------------------|---------------|-------------|
| Associates-Metanoia | \$ <u>920</u> | <u>-</u>    |

(c) Key management personnel compensation

|                              | <u>2023</u>       | <u>2022</u>    |
|------------------------------|-------------------|----------------|
| Short-term employee benefits | \$ 101,019        | 100,745        |
| Post-employment benefits     | <u>672</u>        | <u>570</u>     |
|                              | <u>\$ 101,691</u> | <u>101,315</u> |

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

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

| <u>Pledge assets</u>                                                    | <u>Pledged to secure</u>                                      | <u>December 31,</u><br><u>2023</u> | <u>December 31,</u><br><u>2022</u> |
|-------------------------------------------------------------------------|---------------------------------------------------------------|------------------------------------|------------------------------------|
| Current financial assets at amortized cost<br>(Certificate Deposit)     | Guarantee of the<br>creditors of the<br>purchase transactions | \$ 61,420                          | 92,190                             |
| Non-current financial assets at amortized<br>cost (Certificate Deposit) | Use land guarantee for<br>Hsinchu Science Park<br>Bureau      | 7,400                              | 7,400                              |
| Current financial assets at amortized cost<br>(Reserve Account)         | Performance guarantee<br>for government grant                 | <u>25,621</u>                      | <u>-</u>                           |
|                                                                         |                                                               | <u>\$ 94,441</u>                   | <u>99,590</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 December 31, 2023 and 2022, the financial institutions had issued performance guarantees amounting to \$3,000 thousand, respectively.
- (b) As of December 31, 2023 and 2022, the refundable notes payable for short-term borrowings amounted to \$2,875,000 thousand and \$3,015,000 thousand, respectively.
- (c) As of December 31, 2023 and 2022, the refundable notes payable for lease amounted to \$600 thousand.

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

- (d) The Group signed capacity guarantee contracts with a supplier, stipulating the minimum quantity to be purchased by the Group. As of December 31, 2023 and 2022, the Group paid the security deposit of \$27,000 thousand in accordance with the contract, which was recognized under 「other current assets」 and 「other non-current assets」.

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

- (e) Government grant

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 2023 and 2022, the subsidy recognized, amounting to \$23,620 thousand and \$0 thousand respectively, was classified as other income. As of December 31, 2023 and 2022, the subsidy of \$41,144 thousand and \$23,620 thousand respectively, which had been received by the Group was recognized as "Other Current Liabilities". As of December 31, 2023 and 2022, the financial institutions have issued performance guarantee amounting to \$64,764 thousand and \$23,620, respectively.

- (f) As of December 31, 2023, the total amount of the building contract signed by the Group was \$43,000 thousand and the payable amount in the following years will amount to \$12,208 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 June 30, 2023, the unrecognized contract commitment amount is \$5,238,809 thousand.

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

**(11) Subsequent events:**

- (a) Please refer to Note (6)(q) for details on profit distribution.
- (b) Please refer to Note (6)(q) for details on the transfer of treasury shares to employees after the period.

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

**(12) Others:**

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

|                            | For the years ended December 31 |                    |           |                 |                    |           |
|----------------------------|---------------------------------|--------------------|-----------|-----------------|--------------------|-----------|
|                            | 2023                            |                    |           | 2022            |                    |           |
|                            | Operating costs                 | Operating expenses | Total     | Operating costs | Operating expenses | Total     |
| Employee benefits          |                                 |                    |           |                 |                    |           |
| Salaries and wages         | \$ 285,153                      | 1,863,770          | 2,148,923 | 302,752         | 1,834,910          | 2,137,662 |
| Labor and health insurance | 25,003                          | 119,159            | 144,162   | 32,928          | 124,744            | 157,672   |
| Pension                    | 9,707                           | 77,578             | 87,285    | 9,412           | 74,483             | 83,895    |
| Remuneration of directors  | -                               | 42,940             | 42,940    | -               | 44,990             | 44,990    |
| Others                     | 20,379                          | 50,163             | 70,542    | 22,787          | 52,325             | 75,112    |
| Depreciation               | 60,652                          | 103,146            | 163,798   | 61,269          | 105,234            | 166,503   |
| Amortization               | 9,203                           | 189,985            | 199,188   | 7,625           | 152,505            | 160,130   |

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## 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 year ended December 31, 2023:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

| Name of holder                    | Category and name of security                                           | Relationship with the Group | Account title                                                                 | Ending balance           |                     |                             |                     | Highest Percentage of ownership (%) | Note  |
|-----------------------------------|-------------------------------------------------------------------------|-----------------------------|-------------------------------------------------------------------------------|--------------------------|---------------------|-----------------------------|---------------------|-------------------------------------|-------|
|                                   |                                                                         |                             |                                                                               | Shares/Units (thousands) | Carrying value      | Percentage of ownership (%) | Fair value          |                                     |       |
| Elan InvestmentCorp.              | Stock: Finemat Applied Materials Co., Ltd.                              | -                           | Non-current financial assets at fair value through profit or loss             | 8,900                    | \$ 274,576          | 13.41 %                     | \$ 274,576          | 13.41 %                             |       |
| Elan Investment Corp.             | Elan Microelectronics Corporation                                       | Subsidiary                  | Non-current financial assets at fair value through other comprehensive income | 12,438                   | 2,021,207           | 4.09 %                      | 2,021,207           | 4.09 %                              |       |
| Elan Microelectronics Corporation | ThroughTek Co., Ltd.                                                    | -                           | Non-current financial assets at fair value through other comprehensive income | 1,077                    | 22,197              | 4.13 %                      | 22,197              | 4.13 %                              |       |
| Elan Microelectronics Corporation | Macroblock, Inc.                                                        | -                           | Non-current financial assets at fair value through other comprehensive income | 3,500                    | 386,750             | 7.87 %                      | 386,750             | 7.87 %                              |       |
|                                   |                                                                         |                             |                                                                               | -                        | <u>\$ 2,704,730</u> |                             | <u>\$ 2,704,730</u> |                                     |       |
| Elan Microelectronics Corporation | Certificates of beneficial interest: Fubon Chi-Hsiang Money Market Fund | -                           | Current financial assets at fair value through profit or loss                 | 1,252                    | \$ 20,162           | -                           | \$ 20,162           | -                                   |       |
| Elan Microelectronics Corporation | Diversified FX Trading Segregated Portfolio                             | -                           | Current financial assets at fair value through profit or loss                 | 218                      | -                   | -                           | -                   | -                                   | Note1 |
| Elan Microelectronics Corporation | Vertex Growth (SG) LP                                                   | -                           | Non-current financial assets at fair value through other comprehensive income | -                        | 222,925             | -                           | 222,925             | -                                   |       |
| Elan Microelectronics Corporation | Vertex Growth II (SG) LP                                                | -                           | Non-current financial assets at fair value through profit or loss             | -                        | 14,782              | -                           | 14,782              | -                                   |       |
| Elan InvestmentCorp.              | FSITC US Top 100 Bond Fund Acc TWD                                      | -                           | Current financial assets at fair value through profit or loss                 | 1,500                    | 14,129              | -                           | 14,129              | -                                   |       |
| Elan InvestmentCorp.              | FSITC Global Wealthy Nations Bond Fund Acc TWD                          | -                           | Current financial assets at fair value through profit or loss                 | 2,629                    | 24,359              | -                           | 24,359              | -                                   |       |
| Elan InvestmentCorp.              | FSITC Global Video Gaming & eSports Fund                                | -                           | Current financial assets at fair value through profit or loss                 | 500                      | 6,225               | -                           | 6,225               | -                                   |       |
| Elan InvestmentCorp.              | FSITC Global Health & Weight Loss Fund                                  | -                           | Current financial assets at fair value through profit or loss                 | 500                      | 4,450               | -                           | 4,450               | -                                   |       |

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

| Name of holder                    | Category and name of security                                    | Relationship with the Group | Account title                                                                 | Ending balance           |                   |                             |                   | Highest Percentage of ownership (%) | Note  |
|-----------------------------------|------------------------------------------------------------------|-----------------------------|-------------------------------------------------------------------------------|--------------------------|-------------------|-----------------------------|-------------------|-------------------------------------|-------|
|                                   |                                                                  |                             |                                                                               | Shares/Units (thousands) | Carrying value    | Percentage of ownership (%) | Fair value        |                                     |       |
| Elan InvestmentCorp.              | FSITC Taiwan Core Strategic Construction Fund                    | -                           | Current financial assets at fair value through profit or loss                 | 1,000                    | 13,560            | -                           | 13,560            | -                                   |       |
| Elan InvestmentCorp.              | Nomura Global Short Duration Bond Fund TWD                       | -                           | Current financial assets at fair value through profit or loss                 | 9,484                    | 101,230           | -                           | 101,230           | -                                   |       |
| Elan InvestmentCorp.              | Nomura Global Financial Bond Fund Acc TWD                        | -                           | Current financial assets at fair value through profit or loss                 | 3,589                    | 36,623            | -                           | 36,623            | -                                   |       |
| Elan InvestmentCorp.              | Taishin Global Multi-asset Fund of Funds A TWD                   | -                           | Current financial assets at fair value through profit or loss                 | 1,000                    | 12,130            | -                           | 12,130            | -                                   |       |
| Elan InvestmentCorp.              | Taishin Global Disruptive Innovation Fund                        | -                           | Current financial assets at fair value through profit or loss                 | 1,500                    | 21,630            | -                           | 21,630            | -                                   |       |
| Elan InvestmentCorp.              | Taishin North American Income Trust Fund-A                       | -                           | Current financial assets at fair value through profit or loss                 | 1,943                    | 52,511            | -                           | 52,511            | -                                   |       |
| Elan InvestmentCorp.              | Taishin ESG Emerging Markets Bond Fund A TWD                     | -                           | Current financial assets at fair value through profit or loss                 | 3,003                    | 25,519            | -                           | 25,519            | -                                   |       |
| Elan InvestmentCorp.              | Taishin Short Duration Emerging High Yield Bond Fund A-TWD       | -                           | Current financial assets at fair value through profit or loss                 | 4,200                    | 41,572            | -                           | 41,572            | -                                   |       |
| Elan Microelectronics Corporation | Diversified FX Trading Segregated Portfolio                      | -                           | Current financial assets at fair value through profit or loss                 | 589                      | -                 | -                           | -                 | -                                   | Note1 |
|                                   |                                                                  |                             |                                                                               | -                        | <u>\$ 611,807</u> | -                           | <u>\$ 611,807</u> | -                                   |       |
| Elan Microelectronics Corporation | Short-term commercial papers: 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 |
|                                   |                                                                  |                             |                                                                               |                          | <u>\$ -</u>       |                             | <u>\$ -</u>       |                                     |       |
| Elan Microelectronics Corporation | Non-publicly traded stocks: Chino-Excel Technology Corporation   | -                           | Non-current financial assets at fair value through other comprehensive income | 823                      | \$ -              | 1.48 %                      | \$ -              | 1.48 %                              |       |
| Elan Microelectronics Corporation | Panther technology Co., Ltd.                                     | -                           | Non-current financial assets at fair value through other comprehensive income | 340                      | 6,061             | 0.94 %                      | 6,061             | 0.94 %                              |       |
| Elan Microelectronics Corporation | XINCE Co., Ltd.                                                  | -                           | Non-current financial assets at fair value through other comprehensive income | 2,866                    | -                 | 9.24 %                      | -                 | 9.24 %                              |       |

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

| Name of holder                    | Category and name of security             | Relationship with the Group | Account title                                                                 | Ending balance           |                |                             |            | Highest Percentage of ownership (%) | Note |
|-----------------------------------|-------------------------------------------|-----------------------------|-------------------------------------------------------------------------------|--------------------------|----------------|-----------------------------|------------|-------------------------------------|------|
|                                   |                                           |                             |                                                                               | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value |                                     |      |
| 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        | 2.17 %                              |      |
| Elan Microelectronics Corporation | TOP TAIWAN VII VENTURE CAPITAL CO., LTD.  | -                           | Non-current financial assets at fair value through other comprehensive income | 178                      | 4,228          | 6.12 %                      | 4,228      | 6.12 %                              |      |
| Elan Microelectronics Corporation | TOP TAIWAN VIII VENTURE CAPITAL CO., LTD. | -                           | Non-current financial assets at fair value through other comprehensive income | 725                      | 12,292         | 4.17 %                      | 12,292     | 4.17 %                              |      |
| Elan Microelectronics Corporation | Midastouch Research Corporation           | -                           | Non-current financial assets at fair value through other comprehensive income | 2,500                    | 4,650          | 8.16 %                      | 4,650      | 8.16 %                              |      |
| Elan Microelectronics Corporation | TOP TAIWAN IX VENTURE CAPITAL CO., LTD.   | -                           | Non-current financial assets at fair value through other comprehensive income | 2,625                    | 62,638         | 6.25 %                      | 62,638     | 6.25 %                              |      |
| Elan Microelectronics Corporation | Inno Bridge Venture Capital               | -                           | Non-current financial assets at fair value through other comprehensive income | 800                      | 2,389          | 11.35 %                     | 2,389      | 11.35 %                             |      |
| Elan Microelectronics Corporation | Startek Engineering Inc.                  | -                           | Non-current financial assets at fair value through other comprehensive income | 189                      | -              | 0.53 %                      | -          | 0.53 %                              |      |
| Elan Microelectronics Corporation | North Star Venture Capital                | -                           | Non-current financial assets at fair value through other comprehensive income | 3,000                    | 37,656         | 10.00 %                     | 37,656     | 10.00 %                             |      |
| Elan Microelectronics Corporation | TOP TAIWAN XI VENTURE CAPITAL CO., LTD.   | -                           | Non-current financial assets at fair value through other comprehensive income | 82,636                   | 82,646         | 6.25 %                      | 82,646     | 6.25 %                              |      |
| Elan Microelectronics Corporation | Genius Vision Digital Inc.                | -                           | Non-current financial assets at fair value through other comprehensive income | 495                      | -              | 1.54 %                      | -          | 1.83 %                              |      |
| Elan Microelectronics Corporation | Lyra Semiconductor Incorporated           | -                           | Non-current financial assets at fair value through other comprehensive income | 1,440                    | -              | 5.87 %                      | -          | 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                   | 301,511        | 18.52 %                     | 301,511    | 18.52 %                             |      |

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

| Name of holder                    | Category and name of security                           | Relationship with the Group | Account title                                                                 | Ending balance           |                     |                             |                     | Highest Percentage of ownership (%) | Note |
|-----------------------------------|---------------------------------------------------------|-----------------------------|-------------------------------------------------------------------------------|--------------------------|---------------------|-----------------------------|---------------------|-------------------------------------|------|
|                                   |                                                         |                             |                                                                               | Shares/Units (thousands) | Carrying value      | Percentage of ownership (%) | Fair value          |                                     |      |
| Elan Microelectronics Corporation | Walton International Corporation                        | -                           | Non-current financial assets at fair value through other comprehensive income | 7                        | -                   | 0.24 %                      | -                   | 0.24 %                              |      |
| Elan Microelectronics Corporation | Taiwania Capital Buffalo Fund V, LP.                    | -                           | Non-current financial assets at fair value through profit or loss             | -                        | 47,103              | 3.19 %                      | 47,103              | 3.19 %                              |      |
| Elan Microelectronics Corporation | TOP TAIWAN XIII VENTURE CAPITAL CO., LTD.               | -                           | Non-current financial assets at fair value through profit or loss             | 15,000                   | 142,407             | 17.44 %                     | 142,407             | 17.44 %                             |      |
| Elan Microelectronics Corporation | TOP TAIWAN XIV VENTURE CAPITAL CO., LTD.                | -                           | Non-current financial assets at fair value through profit or loss             | 29,000                   | 288,989             | 13.30 %                     | 288,989             | 13.30 %                             |      |
| Elan Microelectronics Corporation | Cruise 10 Co., Ltd                                      | -                           | Non-current financial assets at fair value through profit or loss             | 625                      | 3,081               | 5.26 %                      | 3,081               | 5.26 %                              |      |
| Elan InvestmentCorp.              | Panther Technology Co., Ltd.                            | -                           | Non-current financial assets at fair value through profit or loss             | 1,396                    | 24,871              | 3.88 %                      | 24,871              | 3.88 %                              |      |
| Elan InvestmentCorp.              | RISE Technology Com                                     | -                           | Non-current financial assets at fair value through profit or loss             | 769                      | -                   | 3.23 %                      | -                   | 3.23 %                              |      |
| Elan InvestmentCorp.              | Pica 8 - Preferred shares                               | -                           | Non-current financial assets at fair value through profit or loss             | 342                      | -                   | 1.75 %                      | -                   | 1.75 %                              |      |
| Elan InvestmentCorp.              | Arplanet Digital Technology Co., Ltd.                   | -                           | Non-current financial assets at fair value through profit or loss             | 128                      | -                   | 2.70 %                      | -                   | 2.70 %                              |      |
| Elan InvestmentCorp.              | ZQAM Communications Corporation - Preferred shares      | -                           | Non-current financial assets at fair value through profit or loss             | 75                       | 642                 | 0.71 %                      | 642                 | 1.07 %                              |      |
| Elan InvestmentCorp.              | e-Formula Technologies, Inc.                            | -                           | Non-current financial assets at fair value through profit or loss             | 550                      | 6,419               | 2.53 %                      | 6,418               | 2.53 %                              |      |
| Elan InvestmentCorp.              | ALGOLREALITY CO., LTD. - Preferred shares               | -                           | Non-current financial assets at fair value through profit or loss             | 100                      | -                   | 13.04 %                     | -                   | 13.04 %                             |      |
| Elan InvestmentCorp.              | Vita Genomics, Inc.                                     | -                           | Non-current financial assets at fair value through profit or loss             | 677                      | 3,405               | 1.13 %                      | 3,405               | 1.13 %                              |      |
| Elan InvestmentCorp.              | Cognito Health International Inc.                       | -                           | Non-current financial assets at fair value through profit or loss             | 1,010                    | -                   | 1.13 %                      | -                   | 1.13 %                              |      |
| Elan InvestmentCorp.              | Taiwan Intelligent Connect Co., Ltd. - Preferred shares | -                           | Non-current financial assets at fair value through profit or loss             | 10,000                   | 1,322               | 14.29 %                     | 1,322               | 14.29 %                             |      |
| Elan InvestmentCorp.              | Genius Vision Digital Inc.                              | -                           | Non-current financial assets at fair value through profit or loss             | 370                      | -                   | 1.16 %                      | -                   | 1.16                                |      |
|                                   |                                                         |                             |                                                                               |                          | <u>\$ 1,032,477</u> |                             | <u>\$ 1,032,476</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.

(Continued)

## ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

- (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 Group | 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 Group | Date of transfer | Amount |                                                                |                                              |        |
| Elan Microelectronics Corporation | New factory in Zhubei AI Park | 2023.4.28        | 5,858,000 (Tax included) | 619,191 (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                | \$ 320,747 | 2.66 %                              | Open Account 45 Days | -                                             |               | \$ 28,384                           | 2.48%                                                   |      |

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

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

- (ix) Trading in derivative instruments: None.

- (x) Business relationships and significant intercompany transactions:

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

| No. | Name of company                   | Name of counter-party             | Nature of relationship | Intercompany transactions |            |                      |                                                            |
|-----|-----------------------------------|-----------------------------------|------------------------|---------------------------|------------|----------------------|------------------------------------------------------------|
|     |                                   |                                   |                        | Account name              | Amount     | Trading terms        | Percentage of the consolidated net revenue or total assets |
| 0   | Elan Microelectronics Corporation | Elan (H.K.)                       | 1                      | Operating revenue         | \$ 320,747 | Open Account 45 Days | 2.66%                                                      |
| 1   | Elan (H.K.)                       | Elan Microelectronics Corporation | 2                      | Commission revenue        | \$ 246,129 | Monthly settlement   | 2.04%                                                      |

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 years ended December 31, 2023 (excluding information on investees in Mainland China):

| Name of investor                  | Name of investee                           | Location         | Main businesses and products | Original investment amount |                   | Balance as of December 31, 2023 |                         |                | Highest Percentage of ownership | Net income (losses) of investee | Share of profits/losses of investee | Note   |
|-----------------------------------|--------------------------------------------|------------------|------------------------------|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---------------------------------|---------------------------------|-------------------------------------|--------|
|                                   |                                            |                  |                              | March 31, 2023             | December 31, 2022 | Shares (thousands)              | Percentage of ownership | Carrying value |                                 |                                 |                                     |        |
| Elan Microelectronics Corporation | Elan (H.K.) Microelectronics Corp. Limited | Hong Kong, China | Sale and after-sales service | \$ 123,272                 | \$ 123,272        | 29,328                          | 100.00 %                | \$ 404,354     | 100.00 %                        | \$ 83,629                       | \$ 83,629                           | Note 1 |
| Elan Microelectronics Corporation | Elan Investment Corp.                      | Taipei, Taiwan   | Investment holding           | 500,000                    | 500,000           | 50,000                          | 100.00 %                | 919,972        | 100.00 %                        | (31,905)                        | (31,905)                            | 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 December 31, 2023 |                         |                | Highest Percentage of ownership | Net income (losses) of investee | Share of profits/losses of investee | Note   |
|-----------------------------------|--------------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---------------------------------|---------------------------------|-------------------------------------|--------|
|                                   |                                            |                         |                                                                                                                                                                             | March 31, 2023             | December 31, 2022 | Shares (thousands)              | Percentage of ownership | Carrying value |                                 |                                 |                                     |        |
| Elan Microelectronics Corporation | Elan Information Technology Group          | California, USA         | Sale, after-sales service and provide new informational skills                                                                                                              | 22,822                     | 22,822            | 65                              | 100.00 %                | 14,267         | 100.00 %                        | (1,152)                         | (1,152)                             | 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 %                 | (6,120)        | 49.00 %                         | (5,865)                         | (2,874)                             | 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 %                 | \$ 118,467     | 46.89 %                         | \$ (211,447)                    | \$ (99,148)                         | 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 %                 | 4,939          | 84.78 %                         | (31,281)                        | (26,098)                            | Note 1 |
| Elan Microelectronics Corporation | Tong fu Investment Corp.                   | Hsin-Chu, Taiwan        | Investment holding                                                                                                                                                          | 26,070                     | 26,070            | 3,000                           | 46.73 %                 | -              | 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 %                 | -              | 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 %                 | 40,157         | 94.65 %                         | (27,913)                        | (26,279)                            | 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 %                 | 23,962         | 18.50 %                         | (38,784)                        | (7,175)                             | Note 1 |
| Elan Microelectronics Corporation | TOP TAIWAN X VENTURE CAPITAL CO., LTD.     | Taipei, Taiwan          | Venture capital                                                                                                                                                             | 199,500                    | 210,000           | 19,950                          | 30.00 %                 | 237,360        | 30.00 %                         | 33,181                          | 9,954                               |        |
| Elan Microelectronics Corporation | Uniband Electronic Corp.                   | Hsin-Chu, Taiwan        | Manufactures and sells electronic devices                                                                                                                                   | 50,000                     | 50,000            | 2,500                           | 24.69 %                 | 4,927          | 24.69 %                         | (15,587)                        | (3,849)                             |        |
| Elan Microelectronics Corporation | Finger Pro. Incorporation                  | Hsin-Chu, Taiwan        | Manufactures and sells electronic devices                                                                                                                                   | 6,000                      | 6,000             | 600                             | 23.08 %                 | -              | 23.08 %                         | -                               | -                                   | Note 2 |
| Elan Microelectronics Corporation | Chimei Motor Electonic CO., LTD.           | Taipei, Taiwan          | Image recognition, automotive electronic manufacturing and wholesaling business                                                                                             | 228,650                    | 228,650           | 9,250                           | 30.83 %                 | 197,634        | 31.36 %                         | (50,952)                        | (21,720)                            | Note 1 |
| Elan Investment Corp.             | Avionic Technology Corp.                   | Hsin-Chu, Taiwan        | Research, design, develop, manufacture and sale on digital image-process chips                                                                                              | 15,754                     | 6,463             | 1,575                           | 6.39 %                  | 407            | 6.39 %                          | (31,281)                        | (1,348)                             | 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 %                 | -              | 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 %                  | 2,707          | 6.22 %                          | (27,913)                        | (1,100)                             | 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 %                  | 16,663         | 0.82 %                          | (211,447)                       | (1,734)                             | 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 %                  | 12,805         | 9.61 %                          | (38,784)                        | (3,727)                             | Note 1 |
| Elan (H.K.)                       | Power Asia Investment Corporation          | Republic of Mauritius   | Investment holding                                                                                                                                                          | 89,572                     | 89,572            | 2,861                           | 100.00 %                | 29,508         | 100.00 %                        | 2,026                           | 2,026                               | Note 1 |
| Chimei Motor Electronic CO., LTD. | CHIMEI MOTOR ELECTRONICS (SAMOA) CO., LTD. | Samoa                   | Investment holding                                                                                                                                                          | 52,555                     | 37,145            | 1,750                           | 100.00 %                | 24,635         | 100.00 %                        | (4,282)                         | (4,282)                             | Note 1 |
| Metanoia Communications Inc.      | Metanoia Communication Europe              | France                  | Provide technical support and information service                                                                                                                           | 18,410                     | 18,410            | 571                             | 100.00 %                | 8,336          | 100.00 %                        | (281)                           | (281)                               | Note 3 |

Note1: Investments in subsidiaries the Group has control over have been eliminated at the Group level from long-term investment.

Note2: The full amount has been included in impairment loss.

(Continued)

## ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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 December 31, 2023 | Net income (losses) of the investee | Percentage of ownership | Highest Percentage of ownership | Investment income (losses) recognized | Carrying value as of December 31, 2023 | Accumulated inward remittance of earnings as of December 31, 2023 |
|---------------------------------------------|---------------------------------------------------------------------------------------------------|---------------------------------|----------------------|---------------------------------------------------------------------|------------------|--------|-----------------------------------------------------------------------|-------------------------------------|-------------------------|---------------------------------|---------------------------------------|----------------------------------------|-------------------------------------------------------------------|
|                                             |                                                                                                   |                                 |                      |                                                                     | Outflow          | Inflow |                                                                       |                                     |                         |                                 |                                       |                                        |                                                                   |
| Elan Micro-electronics (Shanghai) Co., Ltd. | Provide technical support and information service                                                 | \$ 52,095                       | ( 2 )                | \$ 52,095                                                           | -                | -      | \$ 52,095                                                             | \$ 809                              | 100.00%                 | 100.00 %                        | \$ 809                                | \$ 19,697                              | -                                                                 |
| Elan Micro-electronics (Shenzhen) Co., Ltd. | Provide technical support and information service                                                 | 34,670                          | ( 2 )                | 34,670                                                              | -                | -      | 34,670                                                                | 1,206                               | 100.00%                 | 100.00 %                        | 1,206                                 | 9,323                                  | -                                                                 |
| 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                                                                | (4,279)                             | 100.00%                 | 100 %                           | (4,279)                               | 24,609                                 | -                                                                 |

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.

(ii) Limitation on investment in Mainland China:

|                                   | Accumulated Investment in Mainland China as of December 31, 2023 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|-----------------------------------|------------------------------------------------------------------|--------------------------------------------------------------|---------------------------|
| Elan Microelectronics Corporation | \$ 86,765 (USD2,500,000)                                         | \$ 98,333 (USD2,500,000)                                     | \$ 5,291,746              |
| Chimei Motor Electronic CO., LTD. | 52,555 (USD1,750,000)                                            | 68,103 (USD2,250,000)                                        | 172,588                   |

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 Group.

(Continued)

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

**(14) Segment information:**

**(a) General information**

The Group has six reportable segments: Consumer Touch Control Business Unit, Laptop Input Device Business Unit, Network Communication Business Unit, Investment Business Unit, Sales and Retailing Business Unit and Other Business Unit. The main operations of Consumer Touch Control Business Unit are microprocessor, digital signal processor, application on specific integrated circuit and model. The Group also provides research and development service on the related products. Laptop Input Device Business Unit engages in research, sales, produce and manufacture of laptop input devices. The main operations of Network Communication Business Unit include research, develop and design in network communication chips. Investment Business Unit engages in the management of investee. Sales and Retailing Business Unit provides sales product services. Other Business Unit engages in design and manufacture of electronic devices.

The reportable segments are the Group's strategic divisions. They offer different products and services and are managed separately because they require different technology and marketing strategies. Most of the strategic divisions were acquired separately. The management of the acquired divisions remains employed by the Group.

**(b) Information about reportable segments and their measurement and reconciliations**

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because the taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker. The operating segment accounting policies are similar to those described in note 4 "Significant accounting policies".

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

| For the year then ended December 31, 2023                      |                                      |                                   |                                     |                          |                                   |                     |                                |                   |
|----------------------------------------------------------------|--------------------------------------|-----------------------------------|-------------------------------------|--------------------------|-----------------------------------|---------------------|--------------------------------|-------------------|
|                                                                | Consumer Touch Control Business Unit | Laptop Input Device Business Unit | Network Communication Business Unit | Investment Business Unit | Sales and Retailing Business Unit | Other Business Unit | Reconciliation and elimination | Total             |
| Revenue                                                        |                                      |                                   |                                     |                          |                                   |                     |                                |                   |
| Revenue from external customers                                | \$ 2,158,481                         | 8,806,074                         | 84,443                              | -                        | 323,448                           | 686,069             | -                              | 12,058,515        |
| Intersegment revenues                                          | 330,305                              | -                                 | -                                   | -                        | 246,129                           | 20,703              | (597,137)                      | -                 |
| Interest income                                                | 27,535                               | 2,668                             | 444                                 | 1,453                    | 5,191                             | 4,434               | -                              | 41,725            |
| Total revenue                                                  | <u>\$ 2,516,321</u>                  | <u>8,808,742</u>                  | <u>84,887</u>                       | <u>1,453</u>             | <u>574,768</u>                    | <u>711,206</u>      | <u>(597,137)</u>               | <u>12,100,240</u> |
| Interest expenses                                              | \$ 11,182                            | 7                                 | 64                                  | -                        | 481                               | 1,699               | -                              | 13,433            |
| Depreciation and amortization                                  | 209,395                              | 48,772                            | 39,703                              | -                        | 9,735                             | 55,376              | -                              | 362,981           |
| Shares of gain of associates accounted for using equity method | (126,615)                            | -                                 | -                                   | (7,910)                  | -                                 | 99,043              | -                              | (35,482)          |
| Reportable segment profit or loss                              | <u>\$ (765,365)</u>                  | <u>3,374,355</u>                  | <u>(124,280)</u>                    | <u>(31,905)</u>          | <u>109,922</u>                    | <u>(155,898)</u>    | <u>65,972</u>                  | <u>2,472,801</u>  |

(Continued)

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

| For the year then ended December 31, 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      |
| Assets                                                               |                                            |                                         |                                           |                             |                                         |                        |                                   |            |
| Investments accounted for<br>using equity method                     | \$ 1,959,919                               | -                                       | -                                         | 32,576                      | -                                       | -                      | (1,615,077)                       | 377,418    |
| Capital expenditure                                                  | 915,069                                    | 53,053                                  | -                                         | -                           | 255                                     | 27,152                 | 77,573                            | 1,073,102  |
| Reportable segment assets                                            | \$ 10,259,363                              | 3,144,477                               | -                                         | 2,941,283                   | 477,803                                 | 722,859                | (3,526,350)                       | 14,019,435 |
| For the year then ended December 31, 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<br>customers                                   | \$ 2,808,843                               | 9,207,630                               | 111,142                                   | -                           | 400,889                                 | 501,980                | -                                 | 13,030,484 |
| Intersegment revenues                                                | 419,082                                    | -                                       | -                                         | -                           | 286,737                                 | 21,298                 | (727,469)                         | (352)      |
| Interest income                                                      | 24,478                                     | 839                                     | 386                                       | 6,901                       | 531                                     | 1,329                  | -                                 | 34,464     |
| Total revenue                                                        | \$ 3,252,403                               | 9,208,469                               | 111,528                                   | 6,901                       | 688,157                                 | 524,607                | (727,469)                         | 13,064,596 |
| Interest expenses                                                    | \$ 11,234                                  | 6                                       | 91                                        | -                           | 525                                     | 2,077                  | -                                 | 13,933     |
| Depreciation and amortization                                        | 177,635                                    | 41,802                                  | 61,871                                    | -                           | 11,861                                  | 33,464                 | -                                 | 326,633    |
| Shares of gain of associates<br>accounted for using equity<br>method | (399,503)                                  | -                                       | -                                         | (8,180)                     | -                                       | -                      | 356,961                           | (50,722)   |
| Reportable segment profit or loss                                    | \$ (680,090)                               | 3,475,181                               | (166,900)                                 | (313,612)                   | 152,278                                 | (119,095)              | 355,210                           | 2,702,972  |
| Assets                                                               |                                            |                                         |                                           |                             |                                         |                        |                                   |            |
| Investments accounted for<br>using equity method                     | \$ 1,990,097                               | -                                       | -                                         | 37,565                      | -                                       | -                      | (1,780,971)                       | 246,691    |
| Capital expenditure                                                  | \$ 149,191                                 | 81,069                                  | 44,980                                    | -                           | 20,744                                  | 33,656                 | -                                 | 329,640    |
| Reportable segment assets                                            | \$ 9,825,781                               | 2,365,919                               | 539,271                                   | 1,991,236                   | 409,505                                 | 981,047                | (2,787,929)                       | 13,324,830 |

(i) Product and service information

Revenue from the external customers of the Group was as follows:

| Product and services                      | 2023          | 2022       |
|-------------------------------------------|---------------|------------|
| Consumer Touch Control Integrated Circuit | \$ 2,481,929  | 3,209,732  |
| Laptop Input Device                       | 8,806,074     | 9,207,630  |
| Network Communication Integrated Circuit  | 84,443        | 111,142    |
| Others                                    | 686,069       | 501,980    |
| Total                                     | \$ 12,058,515 | 13,030,484 |

(Continued)

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

(ii) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

| <b><u>Geographical information</u></b> | <b><u>2023</u></b>          | <b><u>2022</u></b>         |
|----------------------------------------|-----------------------------|----------------------------|
| Revenue from external customers:       |                             |                            |
| Taiwan                                 | \$ 801,359                  | 1,043,560                  |
| Mainland China                         | 1,820,302                   | 2,459,068                  |
| Hong Kong                              | 9,240,554                   | 9,302,571                  |
| Others (less than 5%)                  | <u>196,300</u>              | <u>225,285</u>             |
|                                        | <b><u>\$ 12,058,515</u></b> | <b><u>13,030,484</u></b>   |
|                                        | <b><u>December 31,</u></b>  | <b><u>December 31,</u></b> |
|                                        | <b><u>2023</u></b>          | <b><u>2022</u></b>         |
| Non-current assets:                    |                             |                            |
| Taiwan                                 | \$ 2,932,033                | 2,312,202                  |
| Mainland China                         | 8,746                       | 15,512                     |
| Hong Kong                              | 962                         | 3,497                      |
| United States                          | <u>-</u>                    | <u>171</u>                 |
|                                        | <b><u>\$ 2,941,741</u></b>  | <b><u>2,331,382</u></b>    |

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and other assets, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(iii) Major customers

|                                                              | <b><u>2023</u></b>         | <b><u>2022</u></b>      |
|--------------------------------------------------------------|----------------------------|-------------------------|
| Customer A (Laptop Input Device Model)                       | \$ 3,459,121               | 4,029,227               |
| Customer A (Consumer Touch Control Integrated Circuit Model) | 538,116                    | 737,931                 |
| Customer B (Laptop Input Device Model)                       | 3,529,505                  | 2,868,096               |
| Customer B (Consumer Touch Control Integrated Circuit Model) | <u>129,648</u>             | <u>207,379</u>          |
|                                                              | <b><u>\$ 7,656,390</u></b> | <b><u>7,842,633</u></b> |

# 社團法人台北市/台灣省會計師公會會員印鑑證明書

會員姓名：(1) 李昉儀  
(2) 呂倩慧

北市財證字第 1131595

號

事務所名稱：安侯建業聯合會計師事務所

事務所地址：台北市信義路五段七號六十八樓

事務所電話：(02)81016666

事務所統一編號：04016004

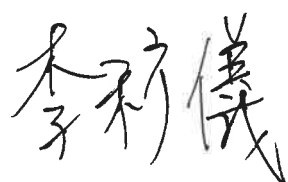



會員證書字號：(1) 北市會證字第三四一九號

委託人統一編號：84149224

(2) 台省會證字第四三四四號  
印鑑證明書用途：辦理 義隆電子股份有限公司

一一二年度（自民國 一一二年 一 月 一 日至

一一二年 十二 月三十一日）財務報表之查核簽證。

|        |                                                                                     |         |                                                                                       |
|--------|-------------------------------------------------------------------------------------|---------|---------------------------------------------------------------------------------------|
| 簽名式（一） |   | 存會印鑑（一） |   |
| 簽名式（二） |  | 存會印鑑（二） |  |

理事長：



核對人：



中 華 民 國

一 一 二 年

一 月

三 日

日