

**ELAN MICROELECTRONICS CORPORATION  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Nine Months Ended September 30, 2024 and 2023**

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

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## Independent Auditors' Review Report

To the Board of Directors of  
ELAN MICROELECTRONICS CORPORATION:

### Introduction

We have reviewed the accompanying consolidated balance sheets of ELAN MICROELECTRONICS CORPORATION (the "Company") and its subsidiaries (the "Group") as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2024 and 2023, as well as the changes in equity and cash flows for the nine months ended September 30, 2024 and 2023 and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$790,478 thousand and \$1,020,161 thousand, constituting 5.13% and 7.34% of the consolidated total assets; and the total liabilities amounting to \$252,458 thousand and \$207,155 thousand, constituting 4.21% and 3.89% of the consolidated total liabilities as of September 30, 2024 and 2023, respectively; as well as the total comprehensive loss amounting to \$(74,789) thousand, \$(19,801) thousand, \$(189,807) thousand and \$(227,642) thousand, constituting 11.73%, 2.78%, 9.76% and 15.55% of the absolute value of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2024 and 2023, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of \$419,591 thousand and \$406,310 thousand as of September 30, 2024 and 2023, respectively, and its equity in net earnings on these investee companies of \$(54,710) thousand, \$(18,360) thousand, \$(59,203) thousand and \$(7,980) thousand for the three months and nine months ended September 30, 2024 and 2023, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023, as well as its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)  
November 5, 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES****Consolidated Balance Sheets****September 30, 2024, December 31, 2023, and September 30, 2023****(Expressed in Thousands of New Taiwan Dollars)**

		<b>September 30, 2024</b>		<b>December 31, 2023</b>		<b>September 30, 2023</b>				<b>September 30, 2024</b>		<b>December 31, 2023</b>		<b>September 30, 2023</b>	
<b>Assets</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>			<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>															
1100	Cash and cash equivalents (note (6)(a))	\$ 4,274,915	28	2,614,034	19	2,558,135	18	2100	Short-term borrowings (notes (6)(k) and (9))	\$ 140,000	1	40,000	-	40,000	-
1110	Current financial assets at fair value through profit or loss (notes (6)(b) and (13))	402,579	3	374,100	3	363,232	3	2170	Accounts payable	981,851	6	1,184,992	8	1,291,052	9
1136	Current financial assets at amortised cost, net (notes (6)(a) and (8))	215,207	1	1,452,478	10	679,009	5	2206	Employee bonus payable (note (6)(u))	432,477	3	425,000	3	567,078	4
1170	Notes and accounts receivable, net (note (6)(c))	1,424,042	9	1,116,395	8	1,414,110	10	2216	Dividends payable (note (6)(p))	1,215,521	8	-	-	607,761	5
1200	Other receivables (note (6)(c))	1,017,796	7	916,755	7	1,101,160	8	2230	Current tax liabilities	352,787	2	229,780	2	98,145	1
1310	Inventories, net (note (6)(d))	1,829,308	12	2,111,303	15	2,370,381	17	2280	Current lease liabilities (note (6)(m))	24,218	-	27,991	-	29,330	-
1410	Prepayments and other current assets (note (9))	196,398	1	38,453	-	47,125	-	2399	Other current liabilities (note (9))	1,411,897	9	1,416,365	10	1,191,941	9
		<u>9,360,245</u>	<u>61</u>	<u>8,623,518</u>	<u>62</u>	<u>8,533,152</u>	<u>61</u>			<u>4,558,751</u>	<u>29</u>	<u>3,324,128</u>	<u>23</u>	<u>3,825,307</u>	<u>28</u>
<b>Non-current assets:</b>															
1510	Non-current financial assets at fair value through profit or loss (notes (6)(b) and (13))	1,567,262	10	1,544,760	11	1,555,953	11	2540	Long-term borrowings (note (6)(k))	468,640	4	468,640	3	468,640	3
1517	Non-current financial assets at fair value through other comprehensive income (notes (6)(e) and (13))	307,991	2	408,947	3	315,866	2	2570	Deferred tax liabilities	299	-	299	-	3,365	-
1536	Non-current financial assets at amortized cost (notes (6)(a) and (8))	7,400	-	7,400	-	7,400	-	2580	Non-current lease liabilities (note (6)(m))	688,480	4	689,408	5	696,123	5
1551	Investments accounted for using equity method (note (6)(f))	419,591	3	377,418	3	406,310	3	2640	Net defined benefit liability, non-current	267,386	2	268,584	2	286,271	2
1600	Property, plant and equipment (note (6)(h))	2,306,752	15	1,517,920	11	1,491,631	11	2645	Guarantee deposits received	9,431	-	41,187	-	48,797	-
1755	Right-of-use assets (note (6)(i))	802,392	5	824,923	6	835,507	6			<u>1,434,236</u>	<u>10</u>	<u>1,468,118</u>	<u>10</u>	<u>1,503,196</u>	<u>10</u>
1780	Intangible assets (note (6)(j))	525,262	3	598,071	4	633,802	5		<b>Total liabilities</b>	<u>5,992,987</u>	<u>39</u>	<u>4,792,246</u>	<u>33</u>	<u>5,328,503</u>	<u>38</u>
1840	Deferred tax assets	52,699	-	52,699	-	45,688	-		<b>Equity attributable to owners of parent:</b> (note (6)(p))						
1900	Other non-current assets (note (9))	61,171	1	63,779	-	65,390	1	3100	Capital stock	3,038,804	20	3,038,804	22	3,038,804	22
		<u>6,050,520</u>	<u>39</u>	<u>5,395,917</u>	<u>38</u>	<u>5,357,547</u>	<u>39</u>	3200	Capital surplus	1,088,521	7	936,880	7	911,429	7
									Retained earnings:						
								3310	Legal reserve	3,118,289	20	2,902,314	21	2,902,314	21
								3350	Undistributed earnings	2,724,769	18	2,934,268	21	2,341,502	17
										<u>5,843,058</u>	<u>38</u>	<u>5,836,582</u>	<u>42</u>	<u>5,243,816</u>	<u>38</u>
								3400	Other equity	20,457	-	113,796	1	21,790	-
								3500	Treasury shares	(848,995)	(6)	(1,106,485)	(8)	(1,106,485)	(8)
									<b>Total equity attributable to owners of parent:</b>	<u>9,141,845</u>	<u>59</u>	<u>8,819,577</u>	<u>64</u>	<u>8,109,354</u>	<u>59</u>
								36XX	Non-controlling interests	275,933	2	407,612	3	452,842	3
									<b>Total equity</b>	<u>9,417,778</u>	<u>61</u>	<u>9,227,189</u>	<u>67</u>	<u>8,562,196</u>	<u>62</u>
<b>Total assets</b>		<u><u>\$ 15,410,765</u></u>	<u><u>100</u></u>	<u><u>14,019,435</u></u>	<u><u>100</u></u>	<u><u>13,890,699</u></u>	<u><u>100</u></u>		<b>Total liabilities and equity</b>	<u><u>\$ 15,410,765</u></u>	<u><u>100</u></u>	<u><u>14,019,435</u></u>	<u><u>100</u></u>	<u><u>13,890,699</u></u>	<u><u>100</u></u>

See accompanying notes to financial statements.

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

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES****Consolidated Statements of Comprehensive Income****For the three months and nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)**

		For the three months ended September 30				For the nine months ended September 30			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	<b>Total operating revenue</b> (notes (6)(s) and (14))	\$ 3,402,700	100	3,501,909	100	9,660,032	100	8,948,469	100
5000	<b>Total operating costs</b> (notes (6)(d), (n) and (12))	<u>1,725,262</u>	<u>51</u>	<u>1,850,791</u>	<u>53</u>	<u>4,962,464</u>	<u>51</u>	<u>4,975,365</u>	<u>55</u>
5900	<b>Gross profit from operations</b>	1,677,438	49	1,651,118	47	4,697,568	49	3,973,104	45
5920	Add: Realized (unrealized) profit from sales	<u>(310)</u>	<u>-</u>	<u>330</u>	<u>-</u>	<u>(1,036)</u>	<u>-</u>	<u>1,008</u>	<u>-</u>
5950	<b>Gross profits</b>	<u>1,677,128</u>	<u>49</u>	<u>1,651,448</u>	<u>47</u>	<u>4,696,532</u>	<u>49</u>	<u>3,974,112</u>	<u>45</u>
6000	<b>Operating expenses:</b> (notes (6)(c), (n), (q), (u) and (12))								
6100	Selling expenses	80,813	2	58,634	2	262,717	3	283,533	3
6200	Administrative expenses	125,579	4	125,735	3	382,220	4	366,557	4
6300	Research and development expenses	545,550	16	531,008	15	1,706,951	18	1,610,162	18
6450	Impairment gains determined in accordance with IFRS 9	<u>(1,389)</u>	<u>-</u>	<u>1,176</u>	<u>-</u>	<u>932</u>	<u>-</u>	<u>5,667</u>	<u>-</u>
		<u>750,553</u>	<u>22</u>	<u>716,553</u>	<u>20</u>	<u>2,352,820</u>	<u>25</u>	<u>2,265,919</u>	<u>25</u>
6900	<b>Net Operating income</b>	<u>926,575</u>	<u>27</u>	<u>934,895</u>	<u>27</u>	<u>2,343,712</u>	<u>24</u>	<u>1,708,193</u>	<u>20</u>
7000	<b>Non-operating income and expenses:</b>								
7100	Interest income (note (6)(t))	15,770	-	8,590	-	47,324	-	25,470	-
7010	Other income (note (6)(t))	18,566	1	23,152	1	145,843	2	63,247	1
7020	Other gains and losses (notes (6)(g) and (6)(t))	(59,713)	(2)	14,008	-	77,339	1	34,409	-
7050	Finance costs (notes (6)(l) and (m))	(3,611)	-	(2,699)	-	(10,013)	-	(10,219)	-
7770	Shares of gain of associates accounted for using equity method (note (6)(f))	<u>(54,710)</u>	<u>(1)</u>	<u>(18,360)</u>	<u>(1)</u>	<u>(59,203)</u>	<u>(1)</u>	<u>(7,980)</u>	<u>-</u>
		<u>(83,698)</u>	<u>(2)</u>	<u>24,691</u>	<u>-</u>	<u>201,290</u>	<u>2</u>	<u>104,927</u>	<u>1</u>
7900	<b>Profit before income tax</b>	842,877	25	959,586	27	2,545,002	26	1,813,120	21
8110	Less: Income tax expenses (note (6)(o))	<u>170,430</u>	<u>5</u>	<u>200,630</u>	<u>6</u>	<u>507,371</u>	<u>5</u>	<u>359,688</u>	<u>4</u>
	<b>Net profit</b>	<u>672,447</u>	<u>20</u>	<u>758,956</u>	<u>21</u>	<u>2,037,631</u>	<u>21</u>	<u>1,453,432</u>	<u>17</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))								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(35,755)	(1)	(50,080)	(1)	(94,724)	(1)	10,274	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(35,755)</u>	<u>(1)</u>	<u>(50,080)</u>	<u>(1)</u>	<u>(94,724)</u>	<u>(1)</u>	<u>10,274</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	814	-	2,342	-	2,677	-	520	-
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	47	-	(201)	-	110	-	(99)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>861</u>	<u>-</u>	<u>2,141</u>	<u>-</u>	<u>2,787</u>	<u>-</u>	<u>421</u>	<u>-</u>
8300	<b>Other comprehensive income (loss), net</b>	<u>(34,894)</u>	<u>(1)</u>	<u>(47,939)</u>	<u>(1)</u>	<u>(91,937)</u>	<u>(1)</u>	<u>10,695</u>	<u>-</u>
8500	<b>Comprehensive income</b>	<u>\$ 637,553</u>	<u>19</u>	<u>711,017</u>	<u>20</u>	<u>1,945,694</u>	<u>20</u>	<u>1,464,127</u>	<u>17</u>
	<b>Net profit attributable to:</b>								
8610	Owners of parent	\$ 711,734	21	765,690	21	2,132,851	22	1,566,986	18
8620	Non-controlling interests	<u>(39,287)</u>	<u>(1)</u>	<u>(6,734)</u>	<u>-</u>	<u>(95,220)</u>	<u>(1)</u>	<u>(113,554)</u>	<u>(1)</u>
		<u>\$ 672,447</u>	<u>20</u>	<u>758,956</u>	<u>21</u>	<u>2,037,631</u>	<u>21</u>	<u>1,453,432</u>	<u>17</u>
	<b>Comprehensive income (loss) attributable to:</b>								
8710	Owners of the parent	\$ 676,454	20	717,003	20	2,040,300	21	1,577,698	18
8720	Non-controlling interests	<u>(38,901)</u>	<u>(1)</u>	<u>(5,986)</u>	<u>-</u>	<u>(94,606)</u>	<u>(1)</u>	<u>(113,571)</u>	<u>(1)</u>
		<u>\$ 637,553</u>	<u>19</u>	<u>711,017</u>	<u>20</u>	<u>1,945,694</u>	<u>20</u>	<u>1,464,127</u>	<u>17</u>
	<b>Earnings per share (expressed in dollars)</b> (note (6)(r))								
9710	Basic earnings per share	<u>\$ 2.49</u>		<u>2.69</u>		<u>7.47</u>		<u>5.51</u>	
9850	Diluted earnings per share	<u>\$ 2.46</u>		<u>2.67</u>		<u>7.38</u>		<u>5.45</u>	

See accompanying notes to financial statements.

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

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES****Consolidated Statements of Changes in Equity****For the nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent									
	Ordinary shares	Capital surplus	Legal reserve	Retained earnings Unappropriated retained earnings	Other equity		Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
					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, 2023</b>	\$ 3,038,804	838,428	2,679,726	3,428,146	(4,706)	15,784	(1,106,485)	8,889,697	732,525	9,622,222
Net profit (loss)	-	-	-	1,566,986	-	-	-	1,566,986	(113,554)	1,453,432
Other comprehensive income	-	-	-	-	438	10,274	-	10,712	(17)	10,695
Total comprehensive income	-	-	-	1,566,986	438	10,274	-	1,577,698	(113,571)	1,464,127
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	222,588	(222,588)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(2,431,042)	-	-	-	(2,431,042)	-	(2,431,042)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	76,352	-	-	-	-	-	76,352	-	76,352
Issuance of shares for non-controlling interests	-	-	-	-	-	-	-	-	10,189	10,189
Changes in non-controlling interests	-	(3,351)	-	-	-	-	-	(3,351)	(176,301)	(179,652)
<b>Balance at September 30, 2023</b>	<u>\$ 3,038,804</u>	<u>911,429</u>	<u>2,902,314</u>	<u>2,341,502</u>	<u>(4,268)</u>	<u>26,058</u>	<u>(1,106,485)</u>	<u>8,109,354</u>	<u>452,842</u>	<u>8,562,196</u>
<b>Balance at January 1, 2024</b>	\$ 3,038,804	936,880	2,902,314	2,934,268	(5,343)	119,139	(1,106,485)	8,819,577	407,612	9,227,189
Net profit (loss)	-	-	-	2,132,851	-	-	-	2,132,851	(95,220)	2,037,631
Other comprehensive income	-	-	-	(12)	2,185	(94,724)	-	(92,551)	614	(91,937)
Total comprehensive income	-	-	-	2,132,839	2,185	(94,724)	-	2,040,300	(94,606)	1,945,694
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	215,975	(215,975)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(2,127,163)	-	-	-	(2,127,163)	-	(2,127,163)
Treasury stock transferred to employees	-	98	-	-	-	-	257,490	257,588	-	257,588
Share-based payment awards	-	65,827	-	-	-	-	-	65,827	2,023	67,850
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	37,967	-	-	-	-	-	37,967	-	37,967
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	800	-	(800)	-	-	-	-
Exercise of employee stock options from subsidiaries	-	790	-	-	-	-	-	790	5,160	5,950
Changes in equity of associates accounted for using the equity method	-	117,266	-	-	-	-	-	117,266	-	117,266
Changes in non-controlling interests	-	(70,307)	-	-	-	-	-	(70,307)	(44,256)	(114,563)
<b>Balance at September 30, 2024</b>	<u>\$ 3,038,804</u>	<u>1,088,521</u>	<u>3,118,289</u>	<u>2,724,769</u>	<u>(3,158)</u>	<u>23,615</u>	<u>(848,995)</u>	<u>9,141,845</u>	<u>275,933</u>	<u>9,417,778</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 nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the nine months ended September 30</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 2,545,002	1,813,120
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	113,235	124,984
Amortization expense	123,107	156,931
Expected credit loss	932	5,667
Net profit on financial assets at fair value through profit or loss	(39,142)	45,664
Interest expense	10,013	10,219
Interest income	(47,324)	(25,470)
Dividend income	(111,491)	(34,475)
Share-based payment awards	67,850	-
Share of loss of associates accounted for using equity method	59,203	7,980
Loss (gain) on disposal of property, plant and equipment	182	(847)
Loss on disposal of investments	-	1,650
Impairment loss and disposal loss on inventory	61,788	133,282
Others	41	-
<b>Total adjustments to reconcile profit</b>	<u>238,394</u>	<u>425,585</u>
<b>Changes in operating assets and liabilities:</b>		
Increase in notes and accounts receivable	(308,579)	(719,060)
Decrease in inventories	220,207	1,176,818
Increase in prepayments and other current assets	(163,945)	(16,429)
Increase in other receivables	(113,474)	(383,661)
Increase (decrease) in notes and accounts payable	(203,141)	597,512
Increase in other current liabilities	3,011	379,667
Decrease in net defined benefit liability	(1,200)	(21,552)
Cash inflow generated from operations	2,216,275	3,252,000
Interest received	51,463	23,348
Interest paid	(10,013)	(20,670)
Income taxes paid	(376,070)	(544,833)
<b>Net cash flows from operating activities</b>	<u>1,881,655</u>	<u>2,709,845</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of current financial assets at fair value through profit or loss	-	(90,066)
Proceeds from disposal of current financial assets at fair value through profit or loss	-	97,035
Acquisition of non-current financial assets at fair value through profit or loss	(14,737)	(7,871)
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income	6,233	-
Proceeds from capital reduction and liquidation of financial assets at fair value through profit or loss	2,898	34,058
Decrease (increase) in financial assets at amortized cost	1,237,271	(412,619)
Decrease in cash from losing control over subsidiaries	-	(102,385)
Proceeds from capital reduction of investments accounted for using equity method	-	10,500
Acquisition of property, plant and equipment	(865,650)	(648,021)
Proceeds from disposal of property, plant and equipment	-	1,169
Acquisition of intangible assets	(50,298)	(346,700)
Decrease (increase) in refundable deposits	8,479	(4,338)
Decrease in other non-current assets	129	2,826
Dividends received	127,451	34,437
<b>Net cash flows from (used in) investing activities</b>	<u>451,776</u>	<u>(1,431,975)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	134,000	10,000
Decrease in short-term borrowings	(34,000)	(50,000)
Increase in long-term borrowings	-	468,640
Repayments of preference share liabilities	-	(40,000)
Decrease in guarantee deposits received	(31,758)	(16,415)
Payment of lease liabilities	(18,686)	(20,036)
Cash dividends paid	(873,675)	(1,746,930)
Price of treasury stock transferred to employee	257,588	-
Exercise of employee stock options	5,950	-
Changes in non-controlling interests	(114,563)	10,189
<b>Net cash flows from (used in) financing activities</b>	<u>(675,144)</u>	<u>(1,384,552)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>2,594</u>	<u>1,129</u>
<b>Net Increase (decrease) in cash and cash equivalents</b>	<u>1,660,881</u>	<u>(105,553)</u>
<b>Cash and cash equivalents at the beginning of period</b>	<u>2,614,034</u>	<u>2,663,688</u>
<b>Cash and cash equivalents at the end of period</b>	<u><u>\$ 4,274,915</u></u>	<u><u>2,558,135</u></u>

See accompanying notes to financial statements.



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

## **ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**

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

**September 30, 2024 and 2023**

**(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:**

The consolidated financial statements for the nine Months ended September 30, 2024 and 2023 were authorized for issuance by the board of directors on November 5, 2024.

#### **(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the IFRS Accounting Standards 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, 2024:

- 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”

- (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, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

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

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

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>• A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>• Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>• Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

(Continued)

## ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

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

- 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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

#### (4) Summary of material accounting policies:

##### (a) Statement of Compliance

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

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

##### (b) Basis of consolidation

##### (i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
The Group	Elan Investment Corp.	Investment holding	100.00 %	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	- %	- %	- %	note 1 and 4

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
The Group and Elan Investment Corp.	Avisonic Technology Corp. (Avisonic)	Research, design, develop, manufacture and sale on digital image-process chips	89.79 %	89.79 %	89.79 %	note 1 and 7
The Group	JUPU ELECTRONIC Co., Ltd. (JUPU)	Wholesale and installation of electronic devices, data storage and equipment process	49.00 %	49.00 %	49.00 %	note 1 and 2
The Group and Elan Investment Corp.	PiXORD Corporation (PiXORD)	Research, design, develop, manufacture and sale on Webcam and server	98.49 %	98.49 %	98.49 %	note 1 and 6
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	27.37 %	28.11 %	28.11 %	note 1 and 3
The Group	Elan (H.K.)	Sale and after-sales service	100.00 %	100.00 %	100.00 %	-
The Group	Elan Information	After-sales service and provide new informational skills	100.00 %	100.00 %	100.00 %	-
Elan (H.K.)	Power Asia	Investment holding	100.00 %	100.00 %	100.00 %	-
Power Asia	Elan Shanghai	Provide technical support and information service	100.00 %	100.00 %	100.00 %	-
Power Asia	Elan Shenzhen	Provide technical support and information service	100.00 %	100.00 %	100.00 %	-
Metanoia	Metanoia EU	Provide technical support and information service	100.00 %	100.00 %	100.00 %	note 1 and 4
The Group	Chimei Motor Electronics Co., Ltd. (Chimei)	Image recognition, automotive electronic manufacturing and wholesaling business	46.83 %	30.83 %	30.83 %	note 1 and 5
Chimei	Chimei Motor Electronics (SAMOA) Co., Ltd. (Chimei (SAMOA))	Investment holding	100.00 %	100.00 %	100.00 %	-
Chimei (SAMOA)	Gianteye Technology (Shanghai) Co., Ltd.	Develops advanced driver assistance systems and wholesales automotive electronic products.	100.00 %	100.00 %	100.00 %	-

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

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

Note 3: 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 Mar 11 2024. The Group's ownership decreased to 27.37%.

(Continued)

## ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Note 4: The Group obtained 2 out of 5 Board seats following a reshuffle of Metanoia's Board of Directors on June 15, 2023. Since the Company cannot obtain more than half of the total number of directors' seats, it lost control over Metanoia's consolidated entities since then, and Metanoia and its subsidiaries, Metanoia EU, were no longer included in the consolidated financial statements since June 30, 2023. The Group had changed its consolidated financial statements to the "investments accounted for using the equity method" for the purpose of accounting treatment. The loss of control over subsidiaries, please refer to Note 6 (g). In addition, Metanoia participated in a cash capital increase of 19,985 thousand shares of stock on May 17, 2024. Due to the abandonment of subscription, the Company's and Elan Investment Corporation's total shareholding percentage was decreased to 39.83%, please refer to Note 6(f).

Note 5: On July 21, 2023, the Group's shareholding percentage was decreased to 30.83% after participating in the capital increase of Chimei. The Group bought 4,800 thousand shares of stock, which subscription price was \$115,200 thousand from Chimei's other shareholders on February 29, 2024, the Group's shareholding percentage was increased from 30.83% to 46.83%.

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

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

#### (c) Employee benefits

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

#### (d) Share-based payment

The grant-date fair value of share-based payment granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the period during which the employees become unconditionally entitled to payment. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service is expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service at the vesting date.

Regarding the non-vested conditions of the share-based payment, it has been reflected in the measurement of the fair value on the date of the share-based compensation, and the difference between the expected and actual results does not need to be verified and adjusted.

#### (e) Income taxes

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

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

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

(Continued)

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

**(6) Explanation of significant accounts:**

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2023 consolidated financial statements. Please refer to Note 6 of the 2023 annual consolidated financial statements.

**(a) Cash and cash equivalents**

	September 30, 2024	December 31, 2023	September 30, 2023
Petty cash	\$ 1,131	1,001	881
Checking and demand deposits	2,140,816	1,536,813	1,578,537
Time deposits	2,355,575	2,536,098	1,665,126
Less: Restricted deposits (recorded as current and non-current financial assets measured at amortized cost) (Note (8))	(84,857)	(94,441)	(25,922)
Time deposits (recorded as financial assets measured at amortized cost) with original maturities of over three months	(137,750)	(1,365,437)	(660,487)
	<u><u>\$ 4,274,915</u></u>	<u><u>2,614,034</u></u>	<u><u>2,558,135</u></u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Interest rate range	<u>0.745% ~ 5.36%</u>	<u>0.85% ~ 5.54%</u>	<u>0.60% ~ 5.30%</u>
Expiration year	2024/10 ~ 2025/5	2024/1 ~ 2024/12	2023/7 ~ 2024/7

**(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)(v).**

(Continued)

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

- (iii) The Group did not recognize impairment loss on current and non-current financial assets at amortized cost for the nine months ended September 30, 2024 and 2023. Please refer to Note (6)(v) for the information on credit risk of the Group.

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

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Current:			
Domestic			
Certificates of beneficial interest	\$ 402,579	374,100	363,232
Total	<u>\$ 402,579</u>	<u>374,100</u>	<u>363,232</u>
Non-current:			
Domestic			
Listed stocks	\$ 404,967	274,576	266,566
Non-publicly traded stocks	927,343	1,032,477	1,038,121
Subtotal	<u>1,332,310</u>	<u>1,307,053</u>	<u>1,304,687</u>
Foreign			
Certificates of beneficial interest	<u>234,952</u>	<u>237,707</u>	<u>251,266</u>
Total	<u>\$ 1,567,262</u>	<u>1,544,760</u>	<u>1,555,953</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 September, 2023. There is no circumstance during this period.
- (ii) The Group purchased Vertex Growth (SG) LP and Vertex Growth II (SG) LP from January 1 to September 30, 2024. The investment prices were \$1,894 thousand and \$12,843 thousand respectively.
- (iii) As of September 30, 2024, December 31 and September 30, 2023, the Group's financial assets at fair value through profit or loss were not pledged as collateral for its loans.
- (iv) Please refer to Note (6)(v) for the disclosure of the financial asset category and fair value measurement of the Group.

(Continued)

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

(c) Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 16,004	4,418	12,788
Accounts receivable - fair value through other comprehensive income	980,769	830,811	1,003,874
Accounts receivable - measured at amortized cost	454,576	307,689	425,170
Less: Loss allowance	(27,307)	(26,523)	(27,722)
	<u><u>\$ 1,424,042</u></u>	<u><u>1,116,395</u></u>	<u><u>1,414,110</u></u>

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

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

	<b>September 30, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Expected credit loss</b>
Current	\$ 1,389,742	0.39%	5,462
1 to 30 days past due	32,408	1.32%	429
31 to 60 days past due	6,296	9.13%	575
61 to 90 days past due	-	-	-
More than 90 days past due	22,903	50%~100%	20,841
	<u><u>\$ 1,451,349</u></u>		<u><u>27,307</u></u>

  

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Expected 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	20,382	50%~100%	20,273
	<u><u>\$ 1,142,918</u></u>		<u><u>26,523</u></u>

(Continued)



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

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

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

	<b>For the nine months ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 26,523	22,821
Impairment loss recognized	932	5,667
Amounts written off	(149)	-
Effect of changes in exchange rates	<u>1</u>	<u>(766)</u>
Balance at September 30	<u><b>\$ 27,307</b></u>	<u><b>27,722</b></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.

	<b>September 30, 2024</b>					
<b>Purchaser</b>	<b>Accounts derecognized</b>	<b>Factoring Line</b>	<b>Advanced Amount</b>	<b>Amount Recognized in Other Receivables</b>	<b>Range of Interest Rate</b>	<b>Collateral</b>
Far Eastern International Bank Co., Ltd. KGI Bank O-Bank	<u><b>\$ 946,174</b></u>	<u><b>2,916,400</b></u>	<u><b>-</b></u>	<u><b>946,174</b></u>	<u><b>0.05%~0.10%</b></u>	None

(Continued)

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

December 31, 2023						
<b>Purchaser</b>	<b>Accounts derecognized</b>	<b>Factoring Line</b>	<b>Advanced Amount</b>	<b>Amount Recognized in Other Receivables</b>	<b>Range of Interest Rate</b>	<b>Collateral</b>
Far Eastern International Bank Co., Ltd. KGI Bank Entie Commercial Bank, Ltd.	<u>\$ 858,034</u>	<u>2,878,400</u>	<u>-</u>	<u>858,034</u>	<u>0.05%~0.10%</u>	None
September 30, 2023						
<b>Purchaser</b>	<b>Accounts derecognized</b>	<b>Factoring Line</b>	<b>Advanced Amount</b>	<b>Amount Recognized in Other Receivables</b>	<b>Range of Interest Rate</b>	<b>Collateral</b>
Far Eastern International Bank Co., Ltd. KGI Bank Entie Commercial Bank, Ltd. Taishin International Bank Co., Ltd.	<u>\$ 998,201</u>	<u>2,941,200</u>	<u>-</u>	<u>998,201</u>	<u>0.05%~0.10%</u>	None

The Group has deducted the advanced amount from the accounts receivable in accordance with the condition of derecognition as of September 30, 2024, December 31 and September 30, 2023. The remaining amount has been reclassified into other receivables. The Group did not recognize impairment loss on other receivables for the nine months ended September 30, 2024 and 2023. Please refer to note (6)(v) for the information on credit risk of the Group.

The Group's notes receivable, accounts receivable, and other receivables have not been pledged as guarantees on September 30, 2024, December 31 and September 30, 2023.

(d) Inventories

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Raw materials	<u>\$ 623,276</u>	<u>850,815</u>	<u>899,223</u>
Work in progress	<u>856,842</u>	<u>910,326</u>	<u>1,132,586</u>
Finished goods	<u>349,190</u>	<u>350,162</u>	<u>338,572</u>
	<u><b>\$ 1,829,308</b></u>	<u><b>2,111,303</b></u>	<u><b>2,370,381</b></u>

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
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The details of the cost of sales were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Inventory that has been sold	\$ 1,717,349	1,824,460	4,903,551	4,838,689
Write-down of inventories	8,925	26,532	61,788	133,282
Others	(1,012)	(201)	(2,875)	3,394
	<u>\$ 1,725,262</u>	<u>1,850,791</u>	<u>4,962,464</u>	<u>4,975,365</u>

As of September 30, 2024, December 31 and September 30, 2023, the Group did not provide any inventories as collateral for its loans.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Equity investments at fair value through other comprehensive income:			
Emerging stocks	\$ 19,241	22,197	16,511
Listed stocks	<u>288,750</u>	<u>386,750</u>	<u>299,355</u>
	<u>\$ 307,991</u>	<u>408,947</u>	<u>315,866</u>

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

(ii) There were no disposals of strategic investments and transfers of any accumulative gain or loss within equity related to these investments as of September 30, 2023. The Group sold its shares from January 1 to September 30, 2024. The shares sold had a fair value of \$6,233 thousand, wherein the Group realized a gain of \$800 thousand, which was reclassified from other comprehensive income to retained earnings.

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

(iv) As of September 30, 2024, December 31 and September 30, 2023, the financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral for its loans.

(f) Investments accounted for using equity method

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

	September 30, 2024	December 31, 2023	September 30, 2023
Associates	<u>\$ 419,591</u>	<u>377,418</u>	<u>406,310</u>

(Continued)

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

	Nature of the relationship with the Group	Main operating location / Registered Country of the Company	September 30, 2024		December 31, 2023		September 30, 2023	
			Amount	Share-holding (%)	Amount	Share-holding (%)	Amount	Share-holding (%)
Metanoia Communications Inc. (Metanoia)	Research, design, develop, manufacture and sale on client chipss	R.O.C.	\$ 121,975	39.83	135,131	47.71	162,471	47.71
Tong Fu Investment Corporation	Investment holding	R.O.C.	-	46.73	-	46.73	-	46.73
Lighting Device Technologies Corp.	Research, design, develop, manufacture and sale on LED chipss	R.O.C.	-	45.07	-	45.07	-	45.07
Top Taiwan X Venture Capital Co., Ltd.	Venture capital	R.O.C.	293,588	30.00	237,360	30.00	237,425	30.00
Uniband Electronic Corp.	Manufactures and sells electronic devices	R.O.C.	4,028	24.69	4,927	24.69	6,414	24.69
Finger Pro. Incorporation	Manufactures and sells electronic device	R.O.C.	-	23.08	-	23.08	-	23.08
RONG CHENG Technology	Manufactures and sells electronic devices, computers and its related products, manufactures optical instruments	R.O.C.	-	38.46	-	38.46	-	38.46
			<u>\$ 419,591</u>		<u>377,418</u>		<u>406,310</u>	

Note: Metanoia participated in a cash capital increase on May 17, 2024. The Company's and Elan Investment Coronation's total shareholding percentage was decreased to 39.83%.

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

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Attributable to the Group:				
Profit (Loss) from continuing operations	\$ (54,710)	(18,360)	(59,203)	(7,980)
Other comprehensive income (loss)	47	(201)	110	(99)
Comprehensive income	<u>\$ (54,663)</u>	<u>(18,561)</u>	<u>(59,093)</u>	<u>(8,079)</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 that have not reviewed.

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

(g) 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.

- (i) On June 30, 2023 the carrying amounts of assets and liabilities of Metanoia and its subsidiaries are as follows:

Cash and cash equivalents	\$ 102,385
Accounts receivables	18,729
Other receivables	19,448
Inventories	50,557
Prepayments and other current assets	29,102
Property, plant and equipment	56,783
Intangible assets	143,911
Right-of-use asset	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	<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>

(Continued)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
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(h) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Office and transportation equipment</u>	<u>Equipment awaiting examination and prepayments on construction</u>	<u>Total</u>
Cost:						
Balance at January 1, 2024	\$ 230,790	1,165,103	754,860	190,282	665,120	3,006,155
Additions	-	-	31,844	7,083	826,723	865,650
Derecognized	-	-	(4,170)	(2,561)	-	(6,731)
Reclassification	-	-	15,289	385	(15,674)	-
Effect of movements in exchange rates	-	-	126	354	-	480
Balance at September 30, 2024	<u>\$ 230,790</u>	<u>1,165,103</u>	<u>797,949</u>	<u>195,543</u>	<u>1,476,169</u>	<u>3,865,554</u>
Balance at January 1, 2023	\$ 230,790	1,165,013	740,526	204,762	79,310	2,420,401
Additions	-	-	48,534	8,254	591,233	648,021
Effect of disposal of subsidiaries (note (6)(g))	-	-	(82,606)	(19,042)	-	(101,648)
Derecognized	-	-	(2,770)	(2,656)	-	(5,426)
Reclassification	-	-	45,276	164	(45,381)	59
Effect of movements in exchange rates	-	-	(10)	(1)	-	(11)
Balance at September 30, 2023	<u>\$ 230,790</u>	<u>1,165,013</u>	<u>748,950</u>	<u>191,481</u>	<u>625,162</u>	<u>2,961,396</u>
Accumulated depreciation:						
Balance at January 1, 2024	\$ -	754,925	578,495	154,815	-	1,488,235
Depreciation	-	14,542	50,351	11,827	-	76,720
Derecognized	-	-	(4,150)	(2,399)	-	(6,549)
Effect of disposal of subsidiaries	-	-	113	283	-	396
Balance at September 30, 2024	<u>\$ -</u>	<u>769,467</u>	<u>624,809</u>	<u>164,526</u>	<u>-</u>	<u>1,558,802</u>
Balance at January 1, 2023	\$ -	734,930	547,108	147,688	-	1,429,726
Depreciation	-	15,082	59,142	15,608	-	89,832
Effect of disposal of subsidiaries (note (6)(g))	-	-	(37,980)	(6,885)	-	(44,865)
Derecognized	-	-	(2,570)	(2,534)	-	(5,104)
Reclassification	-	-	185	-	-	185
Effect of movements in exchange rates	-	-	(9)	-	-	(9)
Balance at September 30, 2023	<u>\$ -</u>	<u>750,012</u>	<u>565,876</u>	<u>153,877</u>	<u>-</u>	<u>1,469,765</u>
Carrying amount:						
Balance at September 30, 2024	<u>\$ 230,790</u>	<u>395,636</u>	<u>173,140</u>	<u>31,017</u>	<u>1,476,169</u>	<u>2,306,752</u>
Balance at January 1, 2024	<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 September 30, 2023	<u>\$ 230,790</u>	<u>415,001</u>	<u>183,074</u>	<u>37,604</u>	<u>625,162</u>	<u>1,491,631</u>

- (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. The Group paid \$800,314 thousand for the construction payment for the nine months ended September 30, 2024, the capitalized amount of the borrowing costs of the Group was \$4,492 thousand, and \$1,953 thousand the weighted average annual interest rate was 1.28%.
- (ii) As of September 30, 2024, December 31 and September 30, 2023 the Group did not provide any property, plant and equipment as collateral for its loan.

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

(i) Right-of-use assets

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

	<b>Land</b>	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Office equipment</b>	<b>Total</b>
Cost:					
Balance at January 1, 2024	\$ 842,737	68,203	948	22,036	933,924
Additions	-	11,747	-	2,055	13,802
Derecognized	-	(10,605)	-	(4,672)	(15,277)
Effect of movements in exchange rates	-	436	-	-	436
Balance at September 30, 2024	<u>\$ 842,737</u>	<u>69,781</u>	<u>948</u>	<u>19,419</u>	<u>932,885</u>
Balance at January 1, 2023	\$ 842,737	77,690	948	10,062	931,437
Effect of losing control of subsidiaries (note (6)(g))	-	(10,183)	-	-	(10,183)
Additions	-	1,193	948	15,035	17,176
Derecognized	-	(956)	(948)	(2,041)	(3,945)
Effect of movements in exchange rates	-	8	-	-	8
Balance at September 30, 2023	<u>\$ 842,737</u>	<u>67,752</u>	<u>948</u>	<u>23,056</u>	<u>934,493</u>
Accumulated depreciation:					
Balance at January 1, 2024	\$ 71,720	27,979	132	9,170	109,001
Depreciation	16,505	13,584	237	6,189	36,515
Derecognized	-	(10,605)	-	(4,672)	(15,277)
Effect of movements in exchange rates	-	254	-	-	254
Balance at September 30, 2024	<u>\$ 88,225</u>	<u>31,212</u>	<u>369</u>	<u>10,687</u>	<u>130,493</u>
Balance at January 1, 2023	\$ 49,713	14,643	764	6,307	71,427
Depreciation	16,505	14,750	237	3,660	35,152
Effect of losing control of subsidiaries (note (6)(g))	-	(3,677)	-	-	(3,677)
Derecognized	-	(956)	(948)	(2,041)	(3,945)
Effect of movements in exchange rates	-	29	-	-	29
Balance at September 30, 2023	<u>\$ 66,218</u>	<u>24,789</u>	<u>53</u>	<u>7,926</u>	<u>98,986</u>
Carrying amount:					
Balance at September 30, 2024	<u>\$ 754,512</u>	<u>38,569</u>	<u>579</u>	<u>8,732</u>	<u>802,392</u>
Balance at January 1, 2024	<u>\$ 771,017</u>	<u>40,224</u>	<u>816</u>	<u>12,866</u>	<u>824,923</u>
Balance at September 30, 2023	<u>\$ 776,519</u>	<u>42,963</u>	<u>895</u>	<u>15,130</u>	<u>835,507</u>

As of September 30, 2024, December 31 and September 30, 2023, the Group did not provide any Right-of-use assets as collateral for its loans.

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**Notes to the Consolidated Financial Statements**

(j) Intangible assets

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

	<u>Goodwill</u>	<u>Technical Know-how</u>	<u>Computer software</u>	<u>Total</u>
Cost:				
Balance at January 1, 2024	\$ 222,051	294,206	346,912	863,169
Additions	-	13,174	37,124	50,298
Derecognized	-	(8,713)	(39,368)	(48,081)
Balance at September 30, 2024	<u>\$ 222,051</u>	<u>298,667</u>	<u>344,668</u>	<u>865,386</u>
Balance at January 1, 2023	\$ 238,289	447,368	306,789	992,446
Additions	-	122,376	224,324	346,700
Effect of losing control of subsidiaries (note (6)(g))	(16,238)	(268,065)	-	(284,303)
Reclassifications	-	-	286	286
Derecognized	-	(8,071)	(182,638)	(190,709)
Balance at September 30, 2023	<u>\$ 222,051</u>	<u>293,608</u>	<u>348,761</u>	<u>864,420</u>
Accumulated amortization:				
Balance at January 1, 2024	\$ -	102,972	162,126	265,098
Additions	-	36,488	86,619	123,107
Derecognized	-	(8,713)	(39,368)	(48,081)
Balance at September 30, 2024	<u>\$ -</u>	<u>130,747</u>	<u>209,377</u>	<u>340,124</u>
Balance at January 1, 2023	\$ -	160,431	227,308	387,739
Additions	-	62,004	94,927	156,931
Effect of losing control of subsidiaries (note (6)(g))	-	(124,154)	-	(124,154)
Derecognized	-	(7,260)	(182,638)	(189,898)
Balance at September 30, 2023	<u>\$ -</u>	<u>91,021</u>	<u>139,597</u>	<u>230,618</u>
Carrying amount:				
Balance at September 30, 2024	<u>\$ 222,051</u>	<u>167,920</u>	<u>135,291</u>	<u>525,262</u>
Balance at January 1, 2024	<u>\$ 222,051</u>	<u>191,234</u>	<u>184,786</u>	<u>598,071</u>
Balance at September 30, 2023	<u>\$ 222,051</u>	<u>202,587</u>	<u>209,164</u>	<u>633,802</u>

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**Notes to the Consolidated Financial Statements**

(k) Long-term and short-term borrowings

(i) Short-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loans	\$ <u>140,000</u>	<u>40,000</u>	<u>40,000</u>
Range of interest rate	<u>2.58%~ 2.95%</u>	<u>2.15%~ 2.83%</u>	<u>2.15%~ 2.83%</u>
Unused short-term credit lines	\$ <u>2,712,000</u>	<u>2,832,000</u>	<u>2,835,000</u>

(ii) Long-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loans	\$ <u>468,640</u>	<u>468,640</u>	<u>468,640</u>
Range of interest rate	<u>1.20%~1.325%</u>	<u>1.20%</u>	<u>1.20%</u>
Unused long-term credit lines	\$ <u>6,251,360</u>	<u>6,251,360</u>	<u>6,251,360</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)(v) for the type of the financial assets and liabilities of the Group.

(l) Preference share liabilities

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

The Group recognized interest expenses amounting to \$280 thousand for the three months ended September 30, 2023.

(m) Lease liabilities

The lease liabilities were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Current	\$ <u>24,218</u>	<u>27,991</u>	<u>29,330</u>
Non-current	\$ <u>688,480</u>	<u>689,408</u>	<u>696,123</u>

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

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
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The amounts recognized in profit or loss were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Interest on lease liabilities	<u>\$ 2,984</u>	<u>2,962</u>	<u>8,809</u>	<u>8,978</u>
Expenses relating to short-term leases	<u>\$ 2,666</u>	<u>3,235</u>	<u>8,031</u>	<u>11,583</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 356</u>	<u>378</u>	<u>1,111</u>	<u>1,113</u>

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

	<b>For the nine months ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	<u>\$ 36,637</u>	<u>41,710</u>

(i) Real estate leases

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

(ii) Other leases

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

(n) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2023 and 2022.

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The expenses recognized in profit or loss for the Group were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Operating cost	\$ 87	115	262	346
Selling expenses	57	83	171	255
Administration expenses	92	122	276	365
Research and development expenses	841	1,136	2,524	3,418
	<u>\$ 1,077</u>	<u>1,456</u>	<u>3,233</u>	<u>4,384</u>

(ii) Defined contribution plans

The Group's expenses incurred from the contributions to the Bureau of Labor Insurance for the three months and nine months ended September 30, 2024 and 2023 were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Operating cost	\$ 2,330	2,264	6,955	6,950
Selling expenses	1,437	1,424	4,221	4,671
Administration expenses	3,081	2,893	9,000	8,521
Research and development expenses	14,116	13,437	41,645	40,965
	<u>\$ 20,964</u>	<u>20,018</u>	<u>61,821</u>	<u>61,107</u>

(o) Income taxes

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

The Group's income tax expenses were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Current period	\$ 170,430	200,630	486,152	354,398
Additional tax on undistributed earnings	-	-	21,219	5,290
Current tax expense	<u>\$ 170,430</u>	<u>200,630</u>	<u>507,371</u>	<u>359,688</u>

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- (ii) The Group's tax returns for the year through 2021 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.

- (p) Capital and other equity

- (i) Ordinary share

As of September 30, 2024, December 31 and September 30, 2023, 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.

	<b>For the nine months ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Outstanding at January 1	284,585	284,585
Treasury stock transferred to employees	1,639	-
Outstanding at September 30	<b><u>286,224</u></b>	<b><u>284,585</u></b>

- (ii) Capital surplus

The balances of capital surplus were as follows:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Additional paid-in capital	\$ 231,051	231,051	231,051
Treasury share transactions	665,076	611,281	585,830
Employee stock option	50,096	-	-
Difference arising from subsidiary's share price and its carrying value	142,298	94,548	94,548
	<b><u>\$ 1,088,521</u></b>	<b><u>936,880</u></b>	<b><u>911,429</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.

(Continued)

## ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (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.

##### 2) Special reserve

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

##### 3) Earnings distribution

The Company's profit distribution plan and the cash dividend per share for 2023 and 2022 were resolved by the Board of Directors. The board of directors proposed the statutory surplus distribution plan for 2023 and 2022. The surplus distribution plan for 2022 was resolved by the shareholders' meeting on May 31, 2023. The surplus distribution plan for 2023 was planned to be reported to the shareholders' meeting on May 30, 2024, and resolved by the shareholders' meeting.

(Continued)

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

	For the six month ended June 30, 2024	For the six month ended December 31, 2023	For the six month ended June 30, 2023	2022 May 31 2023
Shareholders meeting resolution date				
Board resolution date	August 12, 2024	February 22, 2024	August 3, 2023	February 22, 2023
Cash dividend per share	\$ 1,215,521	911,641	607,761	1,823,282.00
Cash dividend per share	\$ 4.06	3.05	2.04	6.13

The actual distribution of the Group's surplus in 2023 and 2022 is the same as the amount recognized in the financial report, and no adjustment is required. Relevant information on the above-mentioned distribution can be inquired at the Market Observation Post System.

(iv) Treasury shares

	September 30, 2024		December 31, 2023		September 30, 2023	
	Shares (in thousands)	Amounts	Shares (in thousands)	Amounts	Shares (in thousands)	Amounts
Shares transferred to employees	5,218	\$ 820,020	6,857	1,077,510	6,857	1,077,510
Shares held by subsidiaries	12,438	28,975	12,438	28,975	12,438	28,975
	<b>17,656</b>	<b>\$ 848,995</b>	<b>19,295</b>	<b>1,106,485</b>	<b>19,295</b>	<b>1,106,485</b>

- 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 nine months ended September 30			
	2024		2023	
	Shares (in thousands)	Amounts	Shares (in thousands)	Amounts
Beginning balance	6,857	\$ 1,077,510	6,857	1,077,510
Treasury stock transferred to employees	(1,639)	(257,490)	-	-
Ending balance	<b>5,218</b>	<b>\$ 820,020</b>	<b>6,857</b>	<b>1,077,510</b>

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. The Group has been transferred 1,639,000 shares with a transfer price of 157.2 per share for the nine months ended September 30, 2024. As of September 30, 2024, The Group have been received \$257,588 thousand.

(Continued)

# ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- 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 nine months ended September 30, 2024 and 2023, the information on the Company's stock held by Elan Investment Corp. was as follows:

	For the nine months ended September 30					
	2024			2023		
	Shares (in thousands)	Acquisition cost	Total market value	Shares (in thousands)	Acquisition cost	Total market value
Opening balance	12,438	\$ 28,975	2,021,207	12,438	28,975	1,069,685
Effects of valuation change	-	-	(248,764)	-	-	590,815
Ending balance	<u>12,438</u>	<u>\$ 28,975</u>	<u>1,772,443</u>	<u>12,438</u>	<u>28,975</u>	<u>1,660,500</u>

The Company transferred cash dividend revenue received by Elan Investment Corp. amounting to \$37,966 thousand and \$76,352 thousand to capital surplus-treasury stock in 2024 and 2023, respectively.

### (v) Other equity

The movements of other equity were as follows:

	For the nine months ended September 30, 2024		
	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	\$ (5,343)	119,139	113,796
Exchange differences on foreign operations	2,185	-	2,185
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(94,724)	(94,724)
Proceeds from disposal of non-current financial at fair value through other comprehensive income	-	(800)	(800)
Balance at September 30	<u>\$ (3,158)</u>	<u>23,615</u>	<u>20,457</u>

  

	For the nine months ended September 30, 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:			
Exchange differences on foreign operations	537	-	537
Associates	(99)	-	(99)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	10,274	10,274
Balance at September 30	<u>\$ (4,268)</u>	<u>26,058</u>	<u>21,790</u>

(Continued)

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

(vi) Non-controlling interests

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 407,612	732,525
Net profit (loss) attributable to Non-controlling interests:		
Net loss	(95,220)	(113,554)
Exercise of share options by employees of subsidiaries	5,160	3,351
Effect of lossing control of subsidiaries	-	(179,652)
Share-based payment	2,023	-
Changes in ownership of subsidiaries	(43,642)	10,172
Balance at September 30	<u>\$ 275,933</u>	<u>452,842</u>

(q) Share-based payment

Except for the following disclosure, there were no significant changes in share-based payment for the nine months ended September 30, 2024 and 2023. For the related information, please refer to note (6)(r) of the consolidated financial statements for the year ended December 31, 2023.

- (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.

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:

	<u>2024 employee stock options</u>
Fair value at grant date	\$ 3.40
Exercise price	10
Expected volatility	35.73%
Duration of stock options	0.003years
Riskfree interest rate	1.00%

(Continued)



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

Details of the employee stock options for years ended September 30, 2024 and 2023 were as follows:

	<b>For the nine months ended September 30, 2024</b>		<b>For the nine months ended September 30, 2023</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	595	10.00	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	(595)	10.00	-	-
Outstanding at September 30	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
Exercisable at September 30	<u>-</u>		<u>-</u>	

Eminent has fully applied for the execution of 595,000 shares in February 2024. The subscription price per share is \$10. The base date for the capital increase for the issuance of new shares is March 1, 2024. The change registration is completed on March 11, 2024.

Eminent recognized stock option plan compensation costs of \$2,023 thousand and \$0 from January 1 to September 30, 2024 and 2023, respectively, which were listed in operating costs and operating expenses.

- (ii) Elan passed the resolution of the board of directors on August 2, 2021, to buy back 6,857,000 treasury shares for the transferred employees, and on January 15, 2024, the board of directors resolved to implement the plan to transfer treasury shares to employees. This plan used the Black-Scholes option evaluation model to estimate the fair value of the grant date stock options. Information on each assumption is listed below:

	<b>2024 treasury stock transferred to employees plan</b>
Strlloe Price (in dollars)	\$ 157.2
Expected volatility	36.94 %
Risk-free interest rate	1.12 %
Expected duration	0.16year
Fair value at grant date (in dollars)	9.6

(Continued)

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

	For the nine months ended September 30, 2024		For the nine months ended September 30, 2023	
	Number of options (in thousand)	Weighted average exercise price (in dollars)	Number of options (in thousand)	Weighted average exercise price (in dollars)
<b>Stock option in 2019</b>				
Outstanding at January 1	-	\$ -	-	-
Granted during the year	6,857	157.20	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	(1,639)	157.20	-	-
Outstanding at September 30	<u>5,218</u>	<u>\$ 157.20</u>	<u>-</u>	<u>-</u>
Exercisable at September 30	<u>5,218</u>		<u>-</u>	

Elan recognized share-based payment costs of \$65,827 thousand and \$0 for the nine months ended September 30, 2024 and 2023, respectively, which were recognized under operation costs and operation expenses, depending on the nature of them.

The Group recognized share-based payment cost of the above two stock option plans of \$67,850 thousand for the nine months ended September 30, 2024 recognized under operation cost and operation expense.

(r) Earnings per share

The Group's earnings per share for the three months nine months ended September 30, 2024 and 2023 were calculated as follows:

(i) Basic earnings per share:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Net profit attributable to ordinary shareholders of the Group	<u>\$ 711,734</u>	<u>765,690</u>	<u>2,132,851</u>	<u>1,566,986</u>
Weighted-average number of ordinary shares outstanding (in thousands)	<u>286,224</u>	<u>284,585</u>	<u>285,678</u>	<u>284,585</u>
Earnings per share (in dollars)	<u>\$ 2.49</u>	<u>2.69</u>	<u>7.47</u>	<u>5.51</u>

(Continued)

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

(ii) Diluted earnings per share:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Net profit attributable to ordinary shareholders of the Group (diluted) \$	<u><b>711,734</b></u>	<u><b>765,690</b></u>	<u><b>2,132,851</b></u>	<u><b>1,566,986</b></u>
Weighted-average number of ordinary shares outstanding (in thousands)	286,224	284,585	285,678	284,585
Effect of dilutive potential ordinary shares (in thousands)				
— employee share bonus	2,747	2,128	3,259	2,815
Weighted-average number of ordinary shares outstanding (diluted)(in thousands)	<u><b>\$ 288,971</b></u>	<u><b>286,713</b></u>	<u><b>288,937</b></u>	<u><b>287,400</b></u>
Diluted earnings per share (in dollars)	<u><b>\$ 2.46</b></u>	<u><b>2.67</b></u>	<u><b>7.38</b></u>	<u><b>5.45</b></u>

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Taiwan	\$ 300,687	234,037	731,239	612,574
Mainland China	663,129	538,522	1,646,498	1,299,258
Hong Kong	2,367,779	2,682,584	7,103,955	6,882,653
America	11,470	3,375	24,493	17,207
Europe	2,258	9,231	3,203	45,477
Others	57,377	34,160	150,644	91,300
	<u><b>\$ 3,402,700</b></u>	<u><b>3,501,909</b></u>	<u><b>9,660,032</b></u>	<u><b>8,948,469</b></u>

For details on revenue, please refer to note (14).

(Continued)

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

(ii) Contract balances

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

(t) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest income from bank deposits	\$ <u>15,770</u>	<u>8,590</u>	<u>47,324</u>	<u>25,470</u>

(ii) Other income

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Dividend income	\$ 9,907	14,405	111,491	34,475
Government grants	7,243	3,402	18,344	13,527
Others	1,416	5,345	16,008	15,245
Total	<u>\$ 18,566</u>	<u>23,152</u>	<u>145,843</u>	<u>63,247</u>

(iii) Other gains and losses

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Foreign exchange (losses) gains	\$ (38,712)	66,868	38,727	81,128
Loss on disposal of investment	-	(1,650)	-	(1,650)
Gains (losses) on financial asset valuation at fair value through profit or loss	(20,906)	(51,816)	39,142	123,110
Loss of financial asset at fair value through profit or loss	-	-	-	(168,774)
Gains (Losses) on disposals of property, plant and equipment	(2)	771	(182)	847
Miscellaneous disbursements	(93)	(165)	(348)	(252)
Total	<u>\$ (59,713)</u>	<u>14,008</u>	<u>77,339</u>	<u>34,409</u>

(Continued)

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

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

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

For the nine months ended September 30, 2024 and 2023, the remunerations to employees and directors were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employee remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Employee compensation	\$ 130,801	141,384	391,460	284,028
Directors' and supervisors' remuneration	13,183	14,249	39,452	28,512
	<b>\$ 143,984</b>	<b>155,633</b>	<b>430,912</b>	<b>312,540</b>

For the years ended December 31, 2023 and 2022, the Company estimated its employee compensation amounting to \$386,000 thousand and \$334,000 thousand, and directors' and supervisors' remuneration amounting to \$39,000 thousand and \$41,000 thousand, respectively. The compensation and remuneration were all paid in cash. There were no differences between the distribution amounts of compensation and remuneration decided by the Board of Directors and the estimated amounts. Related information would be available at the Market Observation Post System website.

(v) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2023.

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

(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 September 30, 2024 and 2023, 90% and 84%, respectively, of accounts receivables were due from the ten largest customers. Thus, credit risk was significantly concentrated.

3) Receivables and debt securities

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

Other financial assets at amortized cost, including time deposits with maturities more than three months and other receivables, are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(g). There was no loss allowance provision for the nine months ended September 30, 2024 and 2023, 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.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 months</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>September 30, 2024</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 140,000	143,362	1,513	141,849	-	-	-
Notes and accounts payable	981,851	981,851	981,851	-	-	-	-
Other payables	975,986	975,986	975,986	-	-	-	-
Lease liabilities	712,698	902,492	18,843	12,810	25,571	49,166	796,102
Dividends payable	1,215,521	1,215,521	1,215,521	-	-	-	-
Long-term borrowings	468,640	503,673	3,105	3,105	73,474	217,493	206,496
Deposits Received	9,431	9,431	9,431	-	-	-	-
	<u>\$ 4,504,127</u>	<u>4,732,316</u>	<u>3,206,250</u>	<u>157,764</u>	<u>99,045</u>	<u>266,659</u>	<u>1,002,598</u>

(Continued)

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 months</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2023</b>							
Non derivative financial liabilities							
Short-term borrowing	\$ 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>
	<u><b>\$ 3,426,279</b></u>	<u><b>3,654,783</b></u>	<u><b>2,217,555</b></u>	<u><b>64,074</b></u>	<u><b>39,775</b></u>	<u><b>266,355</b></u>	<u><b>1,067,024</b></u>
<b>September 30, 2023</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 40,000	40,662	539	40,123	-	-	-
Notes and accounts payable	1,291,052	1,291,052	1,291,052	-	-	-	-
Other payables	793,945	793,945	793,945	-	-	-	-
Other payables	725,453	926,207	19,775	17,013	23,377	53,911	812,131
Lease liabilities	607,761	607,761	607,761	-	-	-	-
Dividends payable	468,640	500,273	2,812	2,812	5,623	208,818	280,208
Deposits Received	<u>48,797</u>	<u>48,797</u>	<u>48,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><b>\$ 3,975,648</b></u>	<u><b>4,208,697</b></u>	<u><b>2,764,681</b></u>	<u><b>59,948</b></u>	<u><b>29,000</b></u>	<u><b>262,729</b></u>	<u><b>1,092,339</b></u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	September 30, 2024				December 31, 2023			September 30, 2023		
	Foreign currency	Exchange rate	NTD		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets:										
<u>Monetary item</u>										
USD	\$	104,895	31.66	3,320,977	102,294	30.71	3,141,452	112,901	32.28	3,644,450
Financial liabilities:										
<u>Monetary item</u>										
USD		49,513	31.66	1,567,583	58,176	30.71	1,786,591	52,943	32.28	1,708,999

(Continued)

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

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the retranslation of foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, and trade and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against the USD as of September 30, 2024 and 2023 would have increased (decreased) the net profit after tax by \$70,134 thousand and \$77,418 thousand for the nine months ended September 30, 2024 and 2023, respectively, with all other variables remaining constant. The analysis is performed on the same basis in 2024 and 2023.

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 \$38,727 thousand and \$81,128 thousand for the nine months ended September 30, 2024 and 2023, respectively.

(iv) Other market price risk

For the nine months ended September 30, 2024 and 2023, the sensitivity analysis of the changes in the securities prices at the reporting date were performed on the same basis for profit or loss as illustrated below:

	For the nine months ended September 30 2024		For the nine months ended September 30 2023	
	Other comprehensive income after tax		Other comprehensive income after tax	
Prices of securities at the reporting date		Net income		Net income
Increase 5%	\$ 12,320	78,794	12,635	52,187
Decrease 5%	\$ (12,320)	(78,794)	(12,635)	(52,187)

(v) Fair value of financial instruments

1) Fair value hierarchy

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

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**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
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<b>September 30, 2024</b>					
	<b>Book value</b>	<b>Fair Value</b>			<b>total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss (current and non-current)	\$ 1,969,841	807,546	-	1,162,295	1,969,841
Financial assets at fair value through other comprehensive income					
Stocks	307,991	288,750	-	19,241	307,991
Accounts receivable	980,769	-	980,769	-	980,769
Subtotal	1,288,760	288,750	980,769	19,241	1,288,760
Financial assets measured at amortized cost					
Cash and cash equivalents	4,274,915	-	-	-	-
Notes and accounts receivable	443,273	-	-	-	-
Other receivables	1,017,796	-	-	-	-
Financial assets measured at amortized cost (current and non-current)	222,607	-	-	-	-
Guarantee deposits (current and non-current)	67,473	-	-	-	-
Subtotal	6,026,064	-	-	-	-
Total	<u>\$ 9,284,665</u>	<u>1,096,296</u>	<u>980,769</u>	<u>1,181,536</u>	<u>3,258,601</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 140,000	-	-	-	-
Notes and accounts payable	981,851	-	-	-	-
Other payables	975,986	-	-	-	-
Lease liabilities (current and non-current)	712,698	-	-	-	-
Dividends Payable	1,215,521	-	-	-	-
Long-term borrowings	468,640	-	-	-	-
Guarantee deposits received	9,431	-	-	-	-
Total	<u>\$ 4,504,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>December 31, 2023</b>					
	<b>Book value</b>	<b>Fair Value</b>			<b>total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
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	-	830,811	-	830,811
Subtotal	1,239,758	386,750	830,811	22,197	1,239,758
Financial assets measured at amortized cost					
Cash and cash equivalents	2,614,034	-	-	-	-
Notes and accounts receivable	285,584	-	-	-	-
Other receivables	916,755	-	-	-	-
Financial assets measured at amortized cost (current and non-current)	1,459,878	-	-	-	-
Guarantee deposits (current and non-current)	75,952	-	-	-	-
Subtotal	5,352,203	-	-	-	-
Total	<u>\$ 8,510,821</u>	<u>1,035,426</u>	<u>830,811</u>	<u>1,292,381</u>	<u>3,158,618</u>

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

		December 31, 2023			
		Fair Value			
	Book value	Level 1	Level 2	Level 3	total
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>
		September 30, 2023			
		Fair Value			
	Book value	Level 1	Level 2	Level 3	total
Financial assets at fair value through profit or loss (current and non-current)	\$ 1,919,185	629,798	-	1,289,387	1,919,185
Financial assets at fair value through other comprehensive income					
Stocks	315,866	-	299,355	16,511	315,866
Accounts receivable	1,003,874	-	-	-	-
Subtotal	<u>1,319,740</u>	<u>-</u>	<u>299,355</u>	<u>16,511</u>	<u>315,866</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	2,558,135	-	-	-	-
Notes and accounts receivable	437,958	-	-	-	-
Other receivables	1,101,160	-	-	-	-
Financial assets measured at amortized cost (current and non-current)	686,409	-	-	-	-
Guarantee deposits(current and non-current)	76,494	-	-	-	-
Subtotal	<u>4,860,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,099,081</u>	<u>629,798</u>	<u>299,355</u>	<u>1,305,898</u>	<u>2,235,051</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 40,000	-	-	-	-
Notes and accounts payable	1,291,052	-	-	-	-
Other payables	793,945	-	-	-	-
Lease liabilities (current and non-current)	725,453	-	-	-	-
Dividends Payable	607,761	-	-	-	-
Redeemable preferred stock	468,640	-	-	-	-
	48,797	-	-	-	-
Total	<u>\$ 3,975,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

2) Valuation techniques for financial instruments measured at fair value

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

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

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

3) Transfers between Level 1 and Level 2

There were no transfers of financial instruments made between any level for the nine months ended September 30, 2024 and 2023.

4) Reconciliation of Level 3 fair values

	<b>Non derivative mandatorily measured at fair value through profit or loss (held-for-trading financial assets)</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Total</b>
Opening balance, January 1, 2024	\$ 1,270,184	22,197	1,292,381
Total gains and losses recognized:			
In profit or loss	(119,728)	-	(119,728)
In other comprehensive income	-	3,277	3,277
Purchased	14,737	-	14,737
Disposal	-	(6,233)	(6,233)
Receivables from Capital reduction for redistribution to shareholders	(2,898)	-	(2,898)
Ending Balance, September 30, 2024	<u>\$ 1,162,295</u>	<u>19,241</u>	<u>1,181,536</u>

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

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

For the nine months ended September 30, 2024 and 2023, the total gains and losses that were included in “other gains and losses” and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Total gains and losses recognized:				
In profit or loss, and presented in “other gains and losses”	\$ (53,869)	1,737	(119,728)	89,027
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	(7,055)	(1,744)	3,277	3,415

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

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

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

Quantified information of significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets at fair value through profit or loss - equity investments without an active market	Market Comparison Method	<ul style="list-style-type: none"> <li>Price-to-book ratio (September 30, 2024, December 31, 2023 and September 30, 2023: 1.61, 1.38 to 1.68 and 1.54 to 1.79)</li> <li>Liquidity discount (September 30, 2024, December 31, 2023 and September 30, 2023: 30% to 21.65% to 30% and 27.43%, 30.00%)</li> <li>Enterprise-Value-to-Revenue Multiple (September 30, 2024, December 31, 2023 and September 30, 2023: 1.84, 2.40 and 1.73)</li> </ul>	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);</li> </ul>
Financial assets at fair value through profit or loss - equity investments without an active market	Net Asset Value Method	Net Asset Value	The estimated fair value would increase (decrease) if net asset value were higher (lower).

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

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

	<b>Inputs</b>	<b>Increase or decrease</b>	<b>Profit or loss</b>	
			<b>Favorable</b>	<b>Unfavorable</b>
<b>September 30, 2024</b>				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Valuation multiples	10%	\$ 519	(519)
	Liquidity discount	10%	219	(219)
	Net Asset Value	10%	115,723	(115,723)
<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>September 30, 2023</b>				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Valuation multiples	10%	\$ 1,187	(1,187)
	Liquidity discount	10%	506	(506)
	Net Asset Value	10%	127,746	(127,746)

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

(w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(x) of the consolidated financial statements for the year ended December 31, 2023.

(x) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2023. In addition, there are no significant changes in the summary quantitative information of capital management and those disclosed in the 2023 consolidated financial report. Please refer to Note 6(y) of the consolidated financial statements for the year ended December 31, 2023 for further details.

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

The Group's investing and financing activities which did not affect the current cash flow in the nine months ended September 30, 2024 and 2023, were as follows:

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

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

	January 1, 2024	Cash flows	Non-cash changes		September 30, 2024
			Foreign exchange movement	Others	
Short-term borrowings	\$ 40,000	100,000	-	-	140,000
Long-term borrowings	468,640	-	-	-	468,640
Lease liabilities	717,399	(18,686)	183	13,802	712,698
Guarantee deposits received	41,187	(31,758)	2	-	9,431
Total liabilities from financing activities	<u>\$ 1,267,226</u>	<u>49,556</u>	<u>185</u>	<u>13,802</u>	<u>1,330,769</u>

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

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

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

**(a) Names and relationships with related parties**

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
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

**(b) Significant transactions with related parties**

**(i) Raw materials purchasing services and other operating income**

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Associates-Metanoia	\$ -	920	-	920

**(ii) Receivable from related parties**

The receivables from related parties were as follows:

<u>Accounts</u>	<u>Types of related parties</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts receivables	Associates-Eminent	\$ -	-	654
Other receivables	Associates-Eminent	-	-	13,087
		\$ -	-	13,741

**(c) Key management personnel compensation**

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 28,078	28,424	86,957	70,276
Post-employment benefits	140	167	472	505
Share-based Payment	-	-	3,811	-
	\$ 28,218	28,591	91,240	70,781

(Continued)

**ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES**  
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The short-term employee benefits include remuneration to employees and directors. Please refer to Note (6)(u) for further details.

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

Pledge assets	Pledged to secure	September 30, 2024	December 31, 2023	September 30, 2023
Current financial assets at amortized cost (Certificate Deposit)	Guarantee of the creditors of the purchase transactions	\$ 63,320	61,420	-
Non-current financial assets at amortized cost (Certificate Deposit)	Use land guarantee for Hsinchu Science Park Bureau	7,400	7,400	7,400
Current financial assets at amortized cost (Reserve Account)	Performance guarantee for government grant	14,137	25,621	18,522
		<u>\$ 84,857</u>	<u>94,441</u>	<u>25,922</u>

**(9) Commitments and contingencies:**

(a) Except for the explanation in Note 6(11), ther rest:

(iii) The Group entered into performance guarantee agreements with financial institutions for the Group's obligation to pay for the goods purchased and the tax payable on bonded raw materials, commodities, fuel, and semi-finished products shipped outside the bond areas for domestic sales, demonstration, repair or testing. As of September 30, 2024, December 31 and September 30, 2023, the financial institutions had issued performance guarantees amounting to \$3,000 thousand, respectively.

(iv) As of September 30, 2024, December 31 and September 30, 2023, the refundable notes payable for short-term borrowings amounted to \$2,855,000 thousand, \$2,875,000 thousand, and \$2,875,000 thousand, respectively.

(b) As of September 30, 2024, December 31 and September 30, 2023, the refundable notes payable for lease amounted to \$600 thousand.

(c) The Group signed capacity guarantee contracts with a supplier, stipulating the minimum quantity to be purchased by the Group. As of September 30, 2024, December 31 and September 30, 2023, the Group paid the security deposit of \$20,000 thousand, \$27,000 thousand, and \$27,000 thousand in accordance with the contract, which was recognized under 「other current assets」 and 「other non-current assets」.

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

(d) 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, 2023 and May 31, 2025. As of September 30, 2024, December 31, 2023, the subsidy of \$44,425 thousand, which had been received by the Group was recognized as "Other Current Liabilities". As of September 30, 2024, December 31 and September 30, 2023, the financial institutions have issued performance guarantee amounting to \$44,640 thousand, \$64,764 thousand, and \$41,729 thousand respectively.

(e) As of September 30, 2024, December 31 and September 30, 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, \$12,208 thousand, and \$12,208 thousand respectively.

(f) The Group signed a project contract at April 28, 2023 (including civil, mechanical and electrical engineering) with Leeming Construction Co., Ltd., a non related party, to build a factory and office building in the International AI Smart Park in Hsinchu County, at the total contract amount of \$5,858,000 thousand. (tax included), as of September 30, 2024, December 31 and September 30, 2023, the unrecognized contract commitment amount is \$4,398,479 thousand, \$5,238,809 thousand, and \$5,272,200 thousand respectively.

(g) Litigation and actions

On March 20, 2024, the Group filed a lawsuit with the Intellectual Property and Commercial Court against FocalTech Systems Co., Ltd. (FocalTech), claiming that the products manufactured and sold by FocalTech which were applied to touch pads were within the scope of the Invention Patent No. I662460, which is owned by the Group, and have infringed the Group's patent rights. Therefore, the Court is petitioned to prohibit the defendant from using, manufacturing and selling the products involved in the case, and to request damages. As of September 30, 2024, the case was still pending before the Intellectual Property and Commercial Court.

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

**(11) Subsequent events:**

For its operational considerations and to strengthen its industrial technology cooperation, the Group participated in the cash capital increase of Cruise 10 Co., Ltd., at the amount of \$50,000, based on a resolution approved during the Company's board meeting held on November 5, 2024, resulting in its ownership to increase to 10.14%.

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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 three months ended September 30					
	2024			2023		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salaries and wages	\$ 88,257	504,791	593,048	77,646	493,151	570,797
Labor and health insurance	7,263	27,995	35,258	5,670	27,286	32,956
Pension	2,417	19,624	22,041	2,379	19,095	21,474
Remuneration of directors	-	13,942	13,942	-	14,460	14,460
Others	6,817	16,238	23,055	5,014	12,096	17,110
Depreciation	12,185	24,397	36,582	15,174	23,987	39,161
Amortization	979	40,722	41,701	2,015	41,592	43,607

	For the nine months ended September 30					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries and wages	\$ 256,608	1,544,581	1,801,189	210,189	1,415,144	1,625,333
Labor and health insurance	20,886	86,248	107,134	18,627	87,188	105,815
Pension	7,217	57,837	65,054	7,296	58,195	65,491
Remuneration of directors	-	42,122	42,122	-	31,232	31,232
Others	17,281	41,108	58,389	14,549	35,778	50,327
Depreciation	40,193	73,042	113,235	45,814	79,170	124,984
Amortization	3,111	119,996	123,107	7,701	149,230	156,931

- (b) Seasonality of operations

In the third quarter of 2024, the Group had a slight increase in the market demand for laptops due to students going back to school after a long holiday, resulting in a gradual recovery in its customers' order to be better than forecasted, which led to a positive impact on the performance of its four major product lines, such as touch panel modules, fingerprint recognition chips, pointing devices, and microcontrollers; and an increase in its revenue, gross profit margin, and net operating profit.

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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 nine months ended September 30, 2024:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of September 30, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with the Group	Account title	Ending balance				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	\$ 404,967	13.41 %	\$ 404,967	Note 2
Elan Investment Corp.	Elan Microelectronics Corporation	Subsidiary	Non-current financial assets at fair value through other comprehensive income	12,438	1,772,443	4.09 %	1,772,443	
Elan Microelectronics Corporation	ThroughTek Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	883	19,241	3.30 %	19,241	
Elan Microelectronics Corporation	Macroblock, Inc.	-	Non-current financial assets at fair value through other comprehensive income	3,500	288,750	7.87 %	288,750	
				-	<u>\$ 2,485,401</u>		<u>\$ 2,485,401</u>	
	Certificates of beneficial interest:							
Elan Microelectronics Corporation	Fubon Chi-Hsiang Money Market Fund	-	Current financial assets at fair value through profit or loss	1,252	\$ 20,371	-	\$ 20,371	Note 1
Elan Microelectronics Corporation	Diversified FX Trading Segregated Portfolio	-	Current financial assets at fair value through profit or loss	218	-	-	-	
Elan Microelectronics Corporation	Vertex Growth (SG) LP	-	Non-current financial assets at fair value through other comprehensive income	-	207,254	-	207,254	
Elan Microelectronics Corporation	Vertex Growth II (SG) LP	-	Non-current financial assets at fair value through profit or loss	-	27,698	-	27,698	
Elan InvestmentCorp.	FSITC US Top 100 Bond Fund Acc TWD	-	Current financial assets at fair value through profit or loss	1,500	15,060	-	15,060	
Elan InvestmentCorp.	FSITC Global Wealthy Nations Bond Fund Acc TWD	-	Current financial assets at fair value through profit or loss	2,629	26,397	-	26,397	
Elan InvestmentCorp.	FSITC Global Video Gaming & eSports Fund	-	Current financial assets at fair value through profit or loss	500	7,580	-	7,580	
Elan InvestmentCorp.	FSITC Global Health & Weight Loss Fund	-	Current financial assets at fair value through profit or loss	500	5,075	-	5,075	
Elan InvestmentCorp.	FSITC Taiwan Core Strategic Construction Fund	-	Current financial assets at fair value through profit or loss	1,000	14,670	-	14,670	
Elan InvestmentCorp.	Nomura Global Short Duration Bond Fund TWD	-	Current financial assets at fair value through profit or loss	9,484	105,421	-	105,421	
Elan InvestmentCorp.	Nomura Global Financial Bond Fund Acc TWD	-	Current financial assets at fair value through profit or loss	3,589	38,666	-	38,666	
Elan InvestmentCorp.	Taishin Global Multi-asset Fund of Funds A TWD	-	Current financial assets at fair value through profit or loss	1,000	13,590	-	13,590	

(Continued)

**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				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Elan InvestmentCorp.	Taishin Global Disruptive Innovation Fund	-	Current financial assets at fair value through profit or loss	1,500	27,525	-	27,525	
Elan InvestmentCorp.	Taishin North American Income Trust Fund-A	-	Current financial assets at fair value through profit or loss	1,943	57,270	-	57,270	
Elan InvestmentCorp.	Taishin ESG Emerging Markets Bond Fund A TWD	-	Current financial assets at fair value through profit or loss	3,003	27,287	-	27,287	
Elan InvestmentCorp.	Taishin Short Duration Emerging High Yield Bond Fund A-TWD	-	Current financial assets at fair value through profit or loss	4,200	43,667	-	43,667	
Elan Microelectronics Corporation	Diversified FX Trading Segregated Portfolio	-	Current financial assets at fair value through profit or loss	589	-	-	-	Note1
				-	<u>\$ 637,531</u>	-	<u>\$ 637,531</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 profit or loss	823	\$ -	1.48 %	\$ -	
Elan Microelectronics Corporation	Panther technology Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	340	5,437	0.94 %	5,437	
Elan Microelectronics Corporation	XINCE Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	2,866	-	9.40 %	-	
Elan Microelectronics Corporation	TOP TAIWAN VI VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through profit or loss	84	166	2.17 %	166	
Elan Microelectronics Corporation	TOP TAIWAN VII VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through profit or loss	178	2,404	6.12 %	2,404	
Elan Microelectronics Corporation	TOP TAIWAN VIII VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through profit or loss	435	3,996	4.17 %	3,996	
Elan Microelectronics Corporation	Midastouch Research Corporation	-	Non-current financial assets at fair value through profit or loss	2,500	4,625	8.16 %	4,625	
Elan Microelectronics Corporation	TOP TAIWAN IX VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through profit or loss	2,625	54,028	6.25 %	54,028	
Elan Microelectronics Corporation	Inno Bridge Venture Capital	-	Non-current financial assets at fair value through profit or loss	800	2,125	11.35 %	2,125	
Elan Microelectronics Corporation	Startek Engineering Inc.	-	Non-current financial assets at fair value through profit or loss	189	-	0.53 %	-	

(Continued)

**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				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Elan Microelectronics Corporation	North Star Venture Capital	-	Non-current financial assets at fair value through profit or loss	3,000	45,167	10.00 %	45,167	
Elan Microelectronics Corporation	TOP TAIWAN XI VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through profit or loss	3,413	43,308	6.25 %	43,308	
Elan Microelectronics Corporation	Genius Vision Digital Inc.	-	Non-current financial assets at fair value through profit or loss	495	-	1.54 %	-	
Elan Microelectronics Corporation	Lyra Semiconductor Incorporated	-	Non-current financial assets at fair value through profit or loss	1,440	-	5.87 %	-	
Elan Microelectronics Corporation	TOP TAIWAN XII VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through profit or loss	25,000	277,177	18.52 %	277,177	
Elan Microelectronics Corporation	Waltop International Corporation	-	Non-current financial assets at fair value through profit or loss	7	-	0.24 %	-	
Elan Microelectronics Corporation	Taiwania Capital Buffalo Fund V, LP.	-	Non-current financial assets at fair value through profit or loss	-	42,972	3.19 %	42,972	
Elan Microelectronics Corporation	TOP TAIWAN XIII VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through profit or loss	15,000	134,505	17.44 %	134,505	
Elan Microelectronics Corporation	TOP TAIWAN XIV VENTURE CAPITAL CO., LTD.	-	Non-current financial assets at fair value through profit or loss	29,000	278,500	13.30 %	278,500	
Elan Microelectronics Corporation	Cruise 10 Co., Ltd	-	Non-current financial assets at fair value through profit or loss	625	2,852	5.26 %	2,852	
Elan InvestmentCorp.	Panther Technology Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	1,396	22,312	3.88 %	22,312	
Elan InvestmentCorp.	RISE Technology Com	-	Non-current financial assets at fair value through profit or loss	769	-	3.23 %	-	
Elan InvestmentCorp.	Pica 8 - Preferred shares	-	Non-current financial assets at fair value through profit or loss	342	-	1.75 %	-	
Elan InvestmentCorp.	Arplanet Digital Technology Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	128	-	2.70 %	-	
Elan InvestmentCorp.	ZQAM Communications Corporation - Preferred shares	-	Non-current financial assets at fair value through profit or loss	75	439	0.71 %	439	
Elan InvestmentCorp.	e-Formula Technologies, Inc.	-	Non-current financial assets at fair value through profit or loss	550	6,166	2.06 %	6,166	
Elan InvestmentCorp.	ALGOLREALITY CO., LTD. - Preferred shares	-	Non-current financial assets at fair value through profit or loss	100	-	13.04 %	-	
Elan InvestmentCorp.	Vita Genomics, Inc.	-	Non-current financial assets at fair value through profit or loss	677	-	1.13 %	-	
Elan InvestmentCorp.	Cognito Health International Inc.	-	Non-current financial assets at fair value through profit or loss	1,010	-	1.13 %	-	
Elan InvestmentCorp.	Taiwan Intelligent Connect Co., Ltd. - Preferred shares	-	Non-current financial assets at fair value through profit or loss	10,000	1,164	14.29 %	1,164	
Elan InvestmentCorp.	Genius Vision Digital Inc.	-	Non-current financial assets at fair value through profit or loss	370	-	1.16 %	-	
					<u>\$ 927,343</u>		<u>\$ 927,343</u>	

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

Note 2: Investments in subsidiaries have been eliminated at the Group level from long-term investment.

(Continued)

## ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(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)	1,459,521 (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	\$ 220,902	2.29 %	Open Account 45 Days	-	-	\$ 23,524	1.62%	

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	\$ 220,902	Open Account 45 Days	2.29%
1	Elan (H.K.)	Elan Microelectronics Corporation	2	Commission revenue	\$ 194,542	Monthly settlement	2.01%

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

(Continued)

## ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

(b) Information on investees:

The followings are the information on investees for the nine months ended September 30, 2024 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2024	December 31, 2023	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 %	\$ 481,588	\$ 69,467	\$ 69,467	Note 1
Elan Microelectronics Corporation	Elan Investment Corp.	Taipei, Taiwan	Investment holding	500,000	500,000	50,000	100.00 %	1,100,607	140,353	140,353	Note 1
Elan Microelectronics Corporation	Elan Information Technology Group	California, USA	Sale, after-sales service and provide new informational skills	22,822	22,822	65	100.00 %	13,460	(1,265)	(1,265)	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 %	(8,643)	(5,148)	(2,523)	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	39.14 %	\$ 105,522	\$ (302,863)	\$ (128,239)	Note 3
Elan Microelectronics Corporation	Avisonic Technology Corp.	Hsin-Chu, Taiwan	Research, design, develop, manufacture and sale on digital image-process chips	224,746	224,746	20,569	83.40 %	(13,060)	(19,888)	(16,762)	Note 1
Elan Microelectronics Corporation	Tong fu Investment Corp.	Hsin-Chu, Taiwan	Investment holding	26,070	26,070	3,000	46.73 %	-	-	-	Note 2
Elan Microelectronics Corporation	Lighting Device Technologies Corp.	Hsin-Chu, Taiwan	Research, design, develop, manufacture and sale on LED chips	11,712	11,712	1,805	45.07 %	-	-	-	Note 2
Elan Microelectronics Corporation	PIXORD Corporation	Hsin-Chu, Taiwan	Research, design, develop, manufacture and sale on Webcam and server	151,138	151,138	14,647	92.27 %	19,519	(21,936)	(20,638)	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	18.01 %	8,499	(84,835)	(15,376)	Note 1
Elan Microelectronics Corporation	TOP TAIWAN X VENTURE CAPITAL CO., LTD.	Taipei, Taiwan	Venture capital	199,500	199,500	19,950	30.00 %	293,588	240,626	72,188	
Elan Microelectronics Corporation	Uniband Electronic Corp.	Hsin-Chu, Taiwan	Manufactures and sells electronic devices	25,000	25,000	2,500	24.69 %	4,027	(3,643)	(899)	
Elan Microelectronics Corporation	Finger Pro. Incorporation	Hsin-Chu, Taiwan	Manufactures and sells electronic devices	6,000	6,000	600	23.08 %	-	-	-	Note 2
Elan Microelectronics Corporation	Chimei Motor Electronic CO., LTD.	Taipei, Taiwan	Image recognition, automotive electronic manufacturing and wholesaling business	343,850	228,650	14,050	46.83 %	223,342	(34,028)	(19,620)	Note 1
Elan Investment Corp.	Avisonic Technology Corp.	Hsin-Chu, Taiwan	Research, design, develop, manufacture and sale on digital image-process chips	15,754	15,754	646	6.39 %	(877)	(19,888)	(1,284)	Note 1
Elan Investment Corp.	RONG CHENG Technology	Hsin-Chu, Taiwan	Manufactures and sells electronic devices, computer and its related products, manufactures optical instruments	77,706	77,706	8,000	38.46 %	-	-	-	Note 2
Elan Investment Corp.	PIXORD Corporation	Hsin-Chu, Taiwan	Research, design, develop, manufacture and sale on Webcam and server	9,990	9,990	395	6.22 %	1,316	(21,936)	(1,391)	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	0.69 %	16,453	(302,863)	(2,252)	Note 3
Elan Investment Corp.	EMINENT ELECTRONIC TECHNOLOGY CORP. LTD.	Hsin-Chu, Taiwan	Manufactures and sells electronic devices, computer and its related products, manufactures optical instruments	38,481	38,481	2,138	9.36 %	5,088	(84,835)	(7,990)	Note 1
Elan (H.K.)	Power Asia Investment Corporation	Republic of Mauritius	Investment holding	89,572	89,572	2,861	100.00 %	21,534	(9,142)	(9,142)	Note 1
Chimei Motor Electronic CO., LTD.	CHIMEI MOTOR ELECTRONICS (SAMOA) CO., LTD.	Somoa	Investment holding	52,555	52,555	1,750	100.00 %	22,096	(3,587)	(3,587)	Note 1

(Continued)

## ELAN MICROELECTRONICS CORPORATION AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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.

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, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) recognized	Carrying value as of September 30, 2024	Accumulated inward remittance of earnings as of September 30, 2024
					Outflow	Inflow						
Elan Micro-electronics (Shanghai) Co., Ltd.	Provide technical support and information service	\$ 52,095	( 2 )	\$ 52,095	-	-	\$ 52,095	\$ (1,411)	100.00%	\$ (1,411)	\$ 19,130	-
Elan Micro-electronics (Shenzhen) Co., Ltd.	Provide technical support and information service	34,670	( 2 )	34,670	-	-	34,670	(7,722)	100.00%	(7,722)	1,902	-
Gianteye Technology (Shanghai) CO., LTD.	Development of advanced driver assistance systems and wholesale of automotive electronic products	52,555	( 2 )	52,555	-	-	52,555	(3,587)	100.00%	(3,587)	22,069	-

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 September 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Elan Microelectronics Corporation	\$ 86,765 (USD2,500,000)	\$ 98,333 (USD2,500,000)	\$ 5,485,107
Chimei Motor Electronic CO., LTD.	52,555 (USD1,750,000)	68,103 (USD2,250,000)	152,801

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:

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

For the three months ended September 30, 2024								
	Consumer Touch Control Business Unit	Laptop Input Device Business Unit	Investment Business Unit	Sales and Retailing Business Unit	Other Business Unit	Reconciliation and elimination	Total	
Revenue								
Revenue from external customers	\$ 817,483	2,408,587	-	65,254	111,376	-	3,402,700	
Intersegment revenues	68,232	-	-	64,557	7,498	(140,287)	-	
Interest income	11,438	-	720	3,104	508	-	15,770	
Total revenue	<u>\$ 897,153</u>	<u>2,408,587</u>	<u>720</u>	<u>132,915</u>	<u>119,382</u>	<u>(140,287)</u>	<u>3,418,470</u>	
Reportable segment profit or loss	<u>\$ (124,192)</u>	<u>1,000,260</u>	<u>22,032</u>	<u>11,592</u>	<u>(65,525)</u>	<u>(1,290)</u>	<u>842,877</u>	
For the three months ended September 30, 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	\$ 675,332	2,516,231	-	-	95,007	215,339	-	3,501,909
Intersegment revenues	94,570	-	-	-	70,767	4,068	(169,405)	-
Interest income	5,171	1,029	-	-	1,838	552	-	8,590
Total revenue	<u>\$ 775,073</u>	<u>2,517,260</u>	<u>-</u>	<u>-</u>	<u>167,612</u>	<u>219,959</u>	<u>(169,405)</u>	<u>3,510,499</u>
Reportable segment profit or loss	<u>\$ (95,491)</u>	<u>1,049,541</u>	<u>-</u>	<u>(59,134)</u>	<u>23,338</u>	<u>(14,783)</u>	<u>56,115</u>	<u>959,586</u>
For the nine months ended September 30, 2024								
	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	\$ 2,258,909	6,891,960	-	-	219,710	289,453	-	9,660,032
Intersegment revenues	226,027	-	-	-	194,542	22,752	(443,321)	-
Interest income	32,877	1,849	-	1,975	8,415	2,208	-	47,324
Total revenue	<u>\$ 2,517,813</u>	<u>6,893,809</u>	<u>-</u>	<u>1,975</u>	<u>422,667</u>	<u>314,413</u>	<u>(443,321)</u>	<u>9,707,356</u>
Reportable segment profit or loss	<u>\$ (160,206)</u>	<u>2,785,284</u>	<u>-</u>	<u>140,685</u>	<u>65,885</u>	<u>(166,982)</u>	<u>(119,664)</u>	<u>2,545,002</u>
Investments accounted for using equity method	<u>\$ 2,227,209</u>	<u>-</u>	<u>-</u>	<u>21,980</u>	<u>-</u>	<u>-</u>	<u>(1,829,598)</u>	<u>419,591</u>
Capital expenditure	<u>\$ 887,293</u>	<u>24,616</u>	<u>-</u>	<u>-</u>	<u>11,760</u>	<u>6,082</u>	<u>-</u>	<u>929,751</u>
Reportable segment assets	<u>\$ 11,680,168</u>	<u>3,194,228</u>	<u>-</u>	<u>2,873,051</u>	<u>559,963</u>	<u>622,818</u>	<u>(3,519,463)</u>	<u>15,410,765</u>
For the nine months ended September 30, 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	\$ 1,635,380	6,405,224	84,443	-	238,438	584,984	-	8,948,469
Intersegment revenues	239,197	-	-	-	181,374	14,540	(435,111)	-
Interest income	17,980	1,029	444	461	2,938	2,618	-	25,470
Total revenue	<u>\$ 1,892,557</u>	<u>6,406,253</u>	<u>84,887</u>	<u>461</u>	<u>422,750</u>	<u>602,142</u>	<u>(435,111)</u>	<u>8,973,939</u>
Reportable segment profit or loss	<u>\$ (525,511)</u>	<u>2,433,559</u>	<u>(124,280)</u>	<u>(43,663)</u>	<u>65,790</u>	<u>(87,863)</u>	<u>95,088</u>	<u>1,813,120</u>
Assets:								
Investments accounted for using equity method	<u>\$ 1,954,026</u>	<u>-</u>	<u>-</u>	<u>37,040</u>	<u>-</u>	<u>-</u>	<u>(1,584,756)</u>	<u>406,310</u>
Capital expenditure	<u>\$ 864,168</u>	<u>45,818</u>	<u>-</u>	<u>-</u>	<u>178</u>	<u>24,076</u>	<u>77,575</u>	<u>1,011,815</u>
Reportable segment assets	<u>\$ 9,849,139</u>	<u>3,370,577</u>	<u>-</u>	<u>2,403,883</u>	<u>458,851</u>	<u>827,691</u>	<u>(3,019,442)</u>	<u>13,890,699</u>

Note 1: The consumer touch business unit includes expenses of the general management office and R&D office.

Note 2: In 2024, the Group no longer had an Internet communications department, because the Group lost control of Metanoia and its subsidiaries in 2023.