

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

**EVERLIGHT CHEMICAL INDUSTRIAL
CORPORATION AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2022 and 2021**

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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.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11
(6) Explanation of significant accounts	11~37
(7) Related-party transactions	38
(8) Assets pledged as security	39
(9) Commitments and contingencies	39
(10) Losses due to major disasters	39
(11) Subsequent Events	40
(12) Other	40
(13) Other disclosures	
(a) Information on significant transactions	41~43
(b) Information on investees	44
(c) Information on investment in mainland China	45
(d) Major shareholders	46
(14) Segment information	47



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Independent Auditors' Review Report

To the Board of Directors of Everlight Chemical Industrial Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Everlight Chemical Industrial Corporation and its subsidiaries as of September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, 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 Statement of Auditing Standard 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. 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 generally accepted auditing standards 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 total assets amounting to \$281,592 thousand and \$261,533 thousand, constituting 2.08% and 1.90% of consolidated total assets as of September 30, 2022 and 2021, respectively, total liabilities amounting to \$37,428 thousand and \$44,250 thousand, constituting 0.77% and 0.92% of consolidated total liabilities as of September 30, 2022 and 2021, respectively, and total comprehensive income (loss) amounting to \$(1,477) thousand, \$3,045 thousand, \$3,046 thousand and \$13,247 thousand, constituting (3.14)%, 2.81%, (1.79)% and 1.81% of consolidated total comprehensive income for the three months and nine months ended September 30, 2022 and 2021, respectively.

Furthermore, as stated in note 6(e), the other equity accounted investments of Everlight Chemical Industrial Corporation and its subsidiaries in its investee companies of \$136,925 thousand and \$121,815 thousand as of September 30, 2022 and 2021, respectively, and its equity in net earnings on these investee companies of \$3,065 thousand, \$3,556 thousand, \$9,741 thousand and \$9,443 thousand for the three months and nine months ended September 30, 2022 and 2021, 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 Everlight Chemical Industrial Corporation and its subsidiaries as of September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months ended September 30, 2022 and 2021 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 review resulting in this independent auditors' report are Chia-Chien Tang and Ya-Ling Chen.

KPMG

Taipei, Taiwan (Republic of China)
November 10, 2022

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2022 and 2021

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2022, December 31 and September 30, 2021

(Expressed in Thousands New Taiwan Dollars)

Assets		September 30, 2022		December 31, 2021		September 30, 2021		Liabilities and Equity		September 30, 2022		December 31, 2021		September 30, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets :								Current liabilities							
1100	Cash and cash equivalents (note 6(a))	\$ 1,339,736	10	1,449,753	10	1,351,983	10	2100	Short-term borrowings (notes 6(k) and 8)	\$ 2,074,554	15	2,056,402	15	2,103,092	15
1110	Financial assets at fair value through profit or loss-current (note 6(b))	16,456	-	60,247	-	90,221	1	2120	Financial liabilities at fair value through profit or loss-current (note 6(b))	-	-	-	-	1,804	-
1136	Financial assets at amortized cost-current (note 6(b))	20,000	-	3,502	-	3,615	-	2151	Notes payable (note 7)	188,479	1	238,909	2	213,971	2
1150	Notes receivable, net(notes 6(c) and (t))	193,440	1	215,955	2	223,343	2	2170	Accounts payable (note 7)	310,753	2	329,088	2	401,873	3
1170	Accounts receivable, net (notes 6(c), (t) and 8)	1,591,066	12	1,626,491	12	1,574,076	11	2209	Other payable (notes 6(s) and 7)	434,398	4	535,475	4	380,929	3
130X	Inventories(notes 6(d), 8 and 10)	3,859,583	28	3,530,338	25	3,441,057	25	2213	Payable on equipment	14,985	-	43,062	-	7,166	-
1476	Other current financial assets (note 10)	79,148	1	26,809	-	35,793	-	2230	Current tax liabilities	107,032	1	132,267	1	101,621	1
1479	Other current assets (note 6(h))	154,212	1	123,755	1	127,333	1	2280	Lease liabilities-current (note 6(m))	34,629	-	29,830	-	30,213	-
	Total current assets	<u>7,253,641</u>	<u>53</u>	<u>7,036,850</u>	<u>50</u>	<u>6,847,421</u>	<u>50</u>	2399	Other current liabilities (note 6(n))	47,714	1	52,528	-	75,107	-
Non-current assets:								Total current liabilities		<u>3,212,544</u>	<u>24</u>	<u>3,417,561</u>	<u>24</u>	<u>3,315,776</u>	<u>24</u>
1517	Financial assets at fair value through other comprehensive income-non-current (notes 6(b) and (v))	937,659	7	1,529,864	11	1,378,634	10	2540	Long-term borrowings (note 6(l))	1,100,000	8	1,000,000	7	1,000,000	7
1550	Investments accounted for using equity method (note 6(c))	136,925	1	124,163	1	121,815	1	2570	Deferred tax liabilities	86,879	1	86,879	1	79,074	1
1600	Property, plant and equipment (notes 6(g), 9 and 10)	4,586,800	34	4,891,430	34	4,941,500	36	2580	Lease liabilities non-current (note 6(m))	241,184	2	241,777	2	243,939	2
1755	Right-of-use-assets (note 6(i))	287,429	2	284,560	2	287,754	2	2640	Net defined benefit liability	175,917	1	217,449	2	119,935	1
1780	Intangible assets (note 6(j))	97,067	1	115,756	1	114,076	1	2670	Other non-current liabilities (note 6(n))	63,964	-	66,330	-	75,643	-
1840	Deferred tax assets	109,394	1	109,394	1	49,654	-		Total non-current liabilities	<u>1,667,944</u>	<u>12</u>	<u>1,612,435</u>	<u>12</u>	<u>1,518,591</u>	<u>11</u>
1915	Prepayments for equipment	117,469	1	28,808	-	37,899	-		Total liabilities	<u>4,880,488</u>	<u>36</u>	<u>5,029,996</u>	<u>36</u>	<u>4,834,367</u>	<u>35</u>
1980	Other non-current financial assets (notes 6(c) and (t))	3,585	-	3,542	-	3,576	-	Equity attributable to owners of parent (notes (b), (e), (f), (q) and (v)) :							
1990	Other non-current assets	13,022	-	11,903	-	9,492	-	3100	Common shares	5,477,522	40	5,477,522	39	5,477,522	40
	Total non-current assets	<u>6,289,350</u>	<u>47</u>	<u>7,099,420</u>	<u>50</u>	<u>6,944,400</u>	<u>50</u>	3200	Capital surplus	474,558	4	474,558	3	474,558	4
								3300	Retained earnings	2,306,502	17	2,248,765	16	2,250,381	16
								3400	Other equity	68,634	1	605,295	4	451,050	3
									Total equity attributable to owners of parent	<u>8,327,216</u>	<u>62</u>	<u>8,806,140</u>	<u>62</u>	<u>8,653,511</u>	<u>63</u>
								36XX	Non-controlling interests (notes 6(f) and (q))	<u>335,287</u>	<u>2</u>	<u>300,134</u>	<u>2</u>	<u>303,943</u>	<u>2</u>
									Total equity	<u>8,662,503</u>	<u>64</u>	<u>9,106,274</u>	<u>64</u>	<u>8,957,454</u>	<u>65</u>
Total assets		<u>\$ 13,542,991</u>	<u>100</u>	<u>14,136,270</u>	<u>100</u>	<u>13,791,821</u>	<u>100</u>	Total liabilities and equity		<u>\$ 13,542,991</u>	<u>100</u>	<u>14,136,270</u>	<u>100</u>	<u>13,791,821</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards
EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2022 and 2021

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

	For the three months ended September 30				For the nine months ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (note 6(t))	\$ 2,230,065	100	2,195,177	100	6,966,099	100	6,825,475	100
5000 Operating costs (notes 6(d), (g), (i), (j), (m), (o), (s), 7 and 12)	1,744,384	78	1,650,407	75	5,403,058	77	5,153,671	76
5950 Gross profit from operations	485,681	22	544,770	25	1,563,041	23	1,671,804	24
6000 Operating expenses (notes 6(c), (g), (i), (j), (m), (o), (s), 7 and 12):								
6100 Selling expenses	223,112	10	244,781	11	718,616	10	658,367	10
6200 Administrative expenses	82,664	4	80,517	3	252,820	4	240,349	3
6300 Research and development expenses	98,366	4	99,223	5	276,303	4	277,380	4
6450 Expected credit loss (gain)	(2,221)	-	(2,096)	-	(6,435)	-	12,292	-
Total operating expenses	401,921	18	422,425	19	1,241,304	18	1,188,388	17
6900 Net operating income	83,760	4	122,345	6	321,737	5	483,416	7
7000 Non-operating income and expenses (notes 6(b), (e), (k), (l), (m), (u) and 10) :								
7100 Interest income	1,441	-	826	-	3,321	-	3,410	-
7010 Other income	8,740	-	4,282	-	47,198	1	39,880	1
7020 Other gains and losses	39,532	2	19,525	1	86,276	1	11,619	-
7050 Finance costs	(19,821)	(1)	(11,741)	(1)	(46,959)	(1)	(36,924)	(1)
7060 Share of gains of associates accounted for using equity method	3,065	-	3,556	-	9,741	-	9,443	-
Total non-operating income and expense	32,957	1	16,448	-	99,577	1	27,428	-
7900 Income before income tax	116,717	5	138,793	6	421,314	6	510,844	7
7951 Income tax expenses (note 6(p))	25,927	1	30,061	1	80,181	1	108,405	1
8200 Net income	90,790	4	108,732	5	341,133	5	402,439	6
8300 Other comprehensive income (notes 6(e), (q) and (v)) :								
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss								
8316 Unrealized gains from financial assets measured at fair value through other comprehensive income	(81,517)	(4)	3,219	-	(596,425)	(8)	358,262	5
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	(81,517)	(4)	3,219	-	(596,425)	(8)	358,262	5
8360 Components of other comprehensive income that will be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	39,783	2	(4,864)	-	88,474	1	(30,489)	-
8370 Share of other comprehensive income of associates accounted for using equity method	(2,089)	-	1,292	-	(3,077)	-	3,185	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
Total components of other comprehensive income (loss) that will be reclassified to profit or loss	37,694	2	(3,572)	-	85,397	1	(27,304)	-
8300 Other comprehensive income (after tax)	(43,823)	(2)	(353)	-	(511,028)	(7)	330,958	5
8500 Total comprehensive income	\$ 46,967	2	108,379	5	(169,895)	(2)	733,397	11
Profit attributable to:								
8610 Owners of parent	\$ 84,158	4	106,727	5	321,370	5	395,422	6
8620 Non-controlling interests	6,632	-	2,005	-	19,763	-	7,017	-
	\$ 90,790	4	108,732	5	341,133	5	402,439	6
Comprehensive income attributable to:								
8710 Owners of parent	\$ 33,897	2	106,468	5	(205,048)	(3)	730,533	11
8720 Non-controlling interests	13,070	-	1,911	-	35,153	1	2,864	-
	\$ 46,967	2	108,379	5	(169,895)	(2)	733,397	11
9750 Basic earnings per share (note 6(r)) (expressed in New Taiwan dollars)	\$ 0.15		0.19		0.59		0.72	
9850 Diluted earnings per share (note 6(r)) (expressed in New Taiwan dollars)	\$ 0.15		0.19		0.59		0.72	

See accompanying notes to consolidated financial statements.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Retained earnings						Other equity					
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2021	\$ 5,477,522	474,558	1,076,355	30,438	912,492	2,019,285	(110,615)	226,554	115,939	8,087,304	301,079	8,388,383
Net income	-	-	-	-	395,422	395,422	-	-	-	395,422	7,017	402,439
Other comprehensive income	-	-	-	-	-	-	(24,733)	359,844	335,111	335,111	(4,153)	330,958
Total comprehensive income	-	-	-	-	395,422	395,422	(24,733)	359,844	335,111	730,533	2,864	733,397
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	28,211	-	(28,211)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(164,326)	(164,326)	-	-	-	(164,326)	-	(164,326)
Balance on September 30, 2021	<u>\$ 5,477,522</u>	<u>474,558</u>	<u>1,104,566</u>	<u>30,438</u>	<u>1,115,377</u>	<u>2,250,381</u>	<u>(135,348)</u>	<u>586,398</u>	<u>451,050</u>	<u>8,653,511</u>	<u>303,943</u>	<u>8,957,454</u>
Balance on January 1, 2022	\$ 5,477,522	474,558	1,104,566	30,438	1,113,761	2,248,765	(130,318)	735,613	605,295	8,806,140	300,134	9,106,274
Net income	-	-	-	-	321,370	321,370	-	-	-	321,370	19,763	341,133
Other comprehensive income	-	-	-	-	-	-	69,523	(595,941)	(526,418)	(526,418)	15,390	(511,028)
Total comprehensive income	-	-	-	-	321,370	321,370	69,523	(595,941)	(526,418)	(205,048)	35,153	(169,895)
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	39,381	-	(39,381)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(273,876)	(273,876)	-	-	-	(273,876)	-	(273,876)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	10,243	10,243	-	(10,243)	(10,243)	-	-	-
Balance on September 30, 2022	<u>\$ 5,477,522</u>	<u>474,558</u>	<u>1,143,947</u>	<u>30,438</u>	<u>1,132,117</u>	<u>2,306,502</u>	<u>(60,795)</u>	<u>129,429</u>	<u>68,634</u>	<u>8,327,216</u>	<u>335,287</u>	<u>8,662,503</u>

See accompanying notes to consolidated financial statements.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the nine months ended September 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2022	2021
Cash flows from operating activities:		
Income before income tax	\$ 421,314	510,844
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	481,077	502,773
Amortization expense	26,017	23,519
Expected credit loss (gain)	(6,435)	12,292
Net losses (gains) on financial assets at fair value through profit	(12,573)	1,629
Interest expense	46,959	36,924
Interest income	(3,321)	(3,410)
Dividend income	(47,198)	(39,880)
Share of gains of associates accounted for using equity method	(9,741)	(9,443)
Losses (gains) on disposal of property, plant and equipment	2,822	(590)
Losses due to disaster	32,381	-
Other	(12)	(382)
Total adjustments to reconcile profit	509,976	523,432
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	27,994	(15,072)
Accounts receivable and overdue receivable (under other non-current financial assets)	82,744	(213,573)
Inventories	(286,421)	(269,059)
Other current financial assets	(16,405)	(5,794)
Other current assets	(24,053)	(12,095)
Total changes in operating assets	(216,141)	(515,593)
Changes in operating liabilities:		
Notes payable	(50,430)	32,541
Accounts payable	(12,539)	(3,551)
Other payable	(105,274)	(26,892)
Other current liabilities	(5,161)	11,964
Net defined benefit liability	(41,534)	(10,633)
Other non-current liabilities	(2,378)	177
Total changes in operating liabilities	(217,316)	3,606
Total changes in operating assets and liabilities	(433,457)	(511,987)
Total adjustments	76,519	11,445
Cash inflow generated from operations	497,833	522,289
Interest received	3,305	3,418
Dividends received	47,684	39,880
Income taxes paid	(105,907)	(45,563)
Net cash flows from operating activities	442,915	520,024
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	(110,000)	(153,200)
Proceeds from disposal of financial assets at amortized cost	93,502	162,454
Acquisition of financial assets at fair value through profit or loss	(46,000)	(135,500)
Proceeds from disposal of financial assets at fair value through profit or loss	102,365	105,554
Acquisition of financial assets at fair value through other comprehensive income	(35,389)	(25,567)
Proceeds from disposal of financial assets at fair value through other comprehensive income	31,169	-
Acquisition of property, plant and equipment	(163,004)	(121,934)
Proceeds from disposal of property, plant and equipment	1,398	1,700
Acquisition of intangible assets	(7,207)	(17,882)
Increase in other non-current financial assets	(12)	(159)
Decrease (increase) in other non-current assets	(880)	1,120
Increase in prepayments for equipment	(150,225)	(58,988)
Net cash flows used in investing activities	(284,283)	(242,402)
Cash flows used in financing activities:		
Increase in short-term borrowings	4,310,054	4,146,538
Decrease in short-term borrowings	(4,304,403)	(3,909,858)
Proceeds from long-term borrowings	100,000	50,000
Repayments of long-term borrowings	-	(340,000)
Payments of lease liabilities	(25,645)	(25,978)
Cash dividends paid	(273,876)	(164,326)
Interest paid	(43,092)	(38,840)
Subsidiaries distributed cash dividends to non-controlling interests	(7,181)	-
Net cash flows used in financing activities	(244,143)	(282,464)
Effect of exchange rate changes on cash and cash equivalents	(24,506)	22,017
Net (decrease) increase in cash and cash equivalents	(110,017)	17,175
Cash and cash equivalents at beginning of period	1,449,753	1,334,808
Cash and cash equivalents at end of period	\$ 1,339,736	1,351,983

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Everlight Chemical Industrial Corporation (the “Company”) was incorporated on September 7, 1972 as a Company limited by shares and registered in accordance with the ROC Company Act. Everlight Chemical Industrial Corporation and subsidiaries (“the Group”) engage in manufacturing and selling of dye, UV absorber, specialty chemicals, toners, electronic chemicals, pharmaceutical product and material, chemical intermediary photoresistance, and etc.

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

These consolidated financial statements were authorized for issuance by the board of directors on November 10, 2022.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (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, 2023, would not have a significant impact on its consolidated financial statements:

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

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL 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:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2021. For the detail information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(a) Statement of compliance

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

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding percentage			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company (ECIC)	EVERLIGHT USA, INC. (EVUS)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
ECIC	EVERLIGHT (HONG KONG) LIMITED (EVHK)	Selling chemical product and related raw materials	100.00	100.00	100.00	(note 1)
ECIC	EVERLIGHT CHEMICALS (SINGAPORE) PTE LTD. (EVSG)	Investing business	100.00	100.00	100.00	(note 1)
ECIC	EVERLIGHT EUROPE B.V. (EVEU)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
ECIC	TREND TONE IMAGING, INC. (TTI)	Manufacturing and selling toners of laser printer, copier and fax machine	76.15	76.15	76.15	-
ECIC	ELITE FOREIGN TRADING INCORPORATION (ELITE)	Selling chemical product and related raw materials	50.00	50.00	50.00	(note 2)
ECIC	DAILYCARE BIOMEDICAL INC. (DCBM)	Manufacturing of medical supplies and providing service of biological technology	91.26	91.26	91.26	(note 1) 、(note 3)
EVSG	ETHICAL INTERNATIONAL TRADING & WAREHOUSING (SHANGHAI) CO., LTD. (ETSH)	Selling chemical product and related raw materials	-	-	100.00	(note 4)
EVSG	SHANGHAI EVERLIGHT TRADING CO., LTD. (EVSH)	Selling chemical product and related raw materials	-	-	100.00	(note 4)
EVSG	EVERLIGHT (SUZHOU) ADVANCED CHEMICALS LTD. (EVSZ)	Manufacturing and selling color chemicals, toners and electronic high-tech chemical product	100.00	100.00	100.00	-
EVSG	ANDA SEMICONDUCTOR TECHNOLOGY (SUZHOU) CO., LTD. (ANDA)	Selling electronic high-tech chemical product	56.25	56.25	56.25	(note 1)
ANDA	SHANGHAI ANDA INTERNATIONAL TRADING CO., LTD. (ADSH)	Selling electronic high-tech chemical product	100.00	100.00	100.00	(note 1) 、(note 5)
EVSZ	ETHICAL INTERNATIONAL TRADING & WAREHOUSING (SHANGAI) CO., LTD. (ETSH)	Selling chemical product and related raw materials	100.00	100.00	-	(note 4)
EVSZ	GUANZHOU ETHICAL TRADING CO., LTD. (ETGZ)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
EVSZ	SHANGHAI EVERLIGHT TRADING CO., LTD. (EVSH)	Selling chemical product and related raw materials	100.00	100.00	-	(note 4)
ECIC	GREATLIGHT INVESTMENT COPRORATION (GLTP)	Investing business	100.00	100.00	100.00	(note 1)

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (note 1): The Company is a non-significant subsidiary and its financial statement, have not been reviewed by independent auditor.
- (note 2): The Company has the right to appoint more than half of members of board of directors and has control over the board of directors. The subsidiary is deemed to be consolidated.
- (note 3): The Company decided to resolve DCBM. As of September 30, 2022, the related procedure has not been completed.
- (note 4): As of July 8, 2021, the Company decided to reorganize of investment structure. EVSZ, the Company's sub-subsidiary, issued shares to acquire ETSH and EVSH 100% shareholding which were hold by EVSG.
- (note 5): The Company resolved to reorganize of investment structure that Anda will transfer 56.25% shares of ADSH to EVSG, as proposal in the Board of Director's meeting held on August 11, 2022.

(ii) List of subsidiaries which are not included in the consolidated financial statement: None.

(c) Employee benefits

The pension cost in the interim period was 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.

(d) Income taxes

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

Income tax expenses for the period are best estimated 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.

(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, 2021. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2021. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2021.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(a) Cash and cash equivalents

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 2,948	1,885	3,024
Cash in bank	1,238,685	1,370,965	1,250,922
Time deposits	98,103	76,903	98,037
Cash and cash equivalents	<u><u>\$ 1,339,736</u></u>	<u><u>1,449,753</u></u>	<u><u>1,351,983</u></u>

Please refer to note 6(v) for the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities

(i) Financial assets at fair value through profit or loss:

	September 30, 2022	December 31, 2021	September 30, 2021
Financial assets mandatorily measured at fair value through profit or loss:			
Monetary market fund	\$ 4,013	60,247	90,221
Option contracts	12,443	-	-
Total	<u><u>\$ 16,456</u></u>	<u><u>60,247</u></u>	<u><u>90,221</u></u>
	September 30, 2022	December 31, 2021	September 30, 2021
Financial liabilities held-for-trading:			
Option contracts	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>1,804</u></u>

The Group holds derivative financial instruments to hedge its foreign exchange risk that the Group is exposed to, arising from its operating, financing and investing activities. The following derivative instruments not applied hedge accounting were classified as financial assets mandatorily measured at fair value through profit on September 30, 2022 and 2021:

	September 30, 2022		
	Contract amount (in thousand)	Currency	Period
Option contracts	<u><u>\$ 4,300</u></u>	EUR	2022/10/26~2022/12/29
Option contracts	<u><u>\$ 3,000</u></u>	USD	2022/12/30

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2021		
	Contract amount (in thousand)	Currency	Period
Option contracts	\$ 2,000	EUR	2021/10/27~2021/12/30
Option contracts	\$ 6,000	USD	2021/12/30

For the fair value recognized in profit and loss, please refer to note 6(u).

- (ii) Financial assets at fair value through other comprehensive income:

	September 30, 2022	December 31, 2021	September 30, 2021
Stocks listed on domestic markets	\$ 717,859	1,449,877	1,288,579
Domestic unlisted common shares	219,800	79,987	90,055
	\$ 937,659	1,529,864	1,378,634

The Group designated the investments shown above as equity securities as 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.

For the nine months ended September 30, 2022, the Group has sold the partial of financial assets at fair value through other comprehensive income for strategic purposes. The shares sold had a fair value of \$31,169 thousand, and the Group realized a gain of \$10,243 thousand, which is already included in other comprehensive income. The gain has been transferred to retained earnings. There was no such transaction for the nine months ended September 30, 2021.

- (iii) Financial assets at amortized cost-current

	September 30, 2022	December 31, 2021	September 30, 2021
Government bonds	\$ 20,000	-	-
Financial assets at amortized cost-current	-	3,502	3,615
	\$ 20,000	3,502	3,615

- 1) The Group purchased government bonds with a face value of 20,000 thousand during September 2022. The due date of government bonds were October 31, 2022, and its effective interest rate was 0.42%. There was no such transaction for the year ended December 31, 2021 and the nine month ended September 30, 2021.
- 2) Due to the Group's foreign deposits which applied for the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" has not been engaged in investment yet, therefore, recognized in financial assets at amortized cost-current. As of September 30, 2022, the aforementioned investment has been completed.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) For credit risk and market risk, please refer to note 6(v).

(v) The aforementioned financial assets were not pledged.

(c) Receivables

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes receivable	\$ 194,434	218,260	225,783
Accounts receivable	1,619,664	1,655,238	1,601,512
Overdue receivable (under other non-current financial assets)	38,218	44,763	46,832
Less: loss allowance	<u>(67,810)</u>	<u>(75,815)</u>	<u>(76,708)</u>
	<u>\$ 1,784,506</u>	<u>1,842,446</u>	<u>1,797,419</u>

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, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

	<u>September 30, 2022</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 1,656,249	0.01%~0.29%	2,454
1 to 90 days past due	148,787	1.32%~10.3%	22,644
91 to 365 days past due	9,062	12.65%~54.18%	4,494
More than 365 days past due	<u>38,218</u>	100%	<u>38,218</u>
	<u>\$ 1,852,316</u>		<u>67,810</u>
	<u>December 31, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 1,744,944	0.01%~0.28%	4,874
1 to 90 days past due	125,201	2.64%~15.51%	24,641
91 to 365 days past due	3,353	18.37%~57.39%	1,537
More than 365 days past due	<u>44,763</u>	100%	<u>44,763</u>
	<u>\$ 1,918,261</u>		<u>75,815</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,677,234	0.01%~0.30%	4,859
1 to 90 days past due	142,195	2.66%~12.69%	21,343
91 to 365 days past due	7,866	18.41%~52.71%	3,674
More than 365 days past due	46,832	100%	46,832
	\$ 1,874,127		76,708

The detail of loss allowance were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	\$ 994	2,305	2,440
Accounts receivable	28,598	28,747	27,436
Overdue receivable	38,218	44,763	46,832
	\$ 67,810	75,815	76,708

The movement in the allowance for receivables was as follows:

	For the nine months ended September 30	
	2022	2021
Balance on January 1, 2022	\$ 75,815	66,516
Impairment losses recognized (reverse)	(6,435)	12,292
Amounts written off	(3,276)	(1,472)
Effect of movements in exchange rates	1,706	(628)
Balance on September 30, 2022	\$ 67,810	76,708

As of September 30, 2022, December 31 and September 30, 2021, the aforementioned financial assets of the Group had been pledged as collateral for short-term borrowings, please refer to note 8.

(d) Inventories

	September 30, 2022	December 31, 2021	September 30, 2021
Raw materials	\$ 1,061,468	924,964	910,405
Supplies	26,364	27,113	28,216
Work in progress	574,556	565,906	587,781
Finished goods	2,052,303	1,828,140	1,764,494
Materials in transit	144,892	184,215	150,161
	\$ 3,859,583	3,530,338	3,441,057

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Except cost of goods sold and inventories recognized as expenses, the remaining gain or losses which were recognized as operating cost or deduction of operating cost were as follows:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Losses on valuation of inventories	\$ 5,087	2,551	5,873	2,888
Losses on inventory count	1,281	1,077	2,248	2,485
Unallocated production overheads	62,220	32,284	144,754	105,699
Losses on obsolescence	-	2,956	6,417	5,389
Scrap income	(522)	(675)	(1,604)	(1,650)
	<u>\$ 68,066</u>	<u>38,193</u>	<u>157,688</u>	<u>114,811</u>

As of September 30, 2022, December 31 and September 30, 2021, the inventories of the Group had been pledged as collateral for short-term borrowings, please refer to note 8.

(e) Investments accounted for using equity method

(i) The components of investments accounted for using the equity method at the reporting date were as follows:

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Associates	<u>\$ 136,925</u>	<u>124,163</u>	<u>121,815</u>

(ii) Associates

Summary of financial information for by the individually insignificant investments in associates accounted for using the equity method were as follows. The aforementioned financial information was included in the consolidated financial statements of the Group.

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Carrying amount of individually insignificant associates	<u>\$ 136,925</u>	<u>124,163</u>	<u>121,815</u>

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Attributable to the Group:				
Profit from continuing operations	\$ 3,065	3,556	9,741	9,443
Other comprehensive income	(2,089)	1,292	(3,077)	3,185
Total comprehensive income	<u>\$ 976</u>	<u>4,848</u>	<u>6,664</u>	<u>12,628</u>

(iii) Pledge

As of September 30, 2022, December 31 and September 30, 2021, the aforementioned investment accounted for using equity method were not pledged.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Material non-controlling interest of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>		
		<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
TTI	Taiwan	23.85 %	23.85 %	23.85 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current assets	\$ 772,233	623,723	635,125
Non-current assets	825,424	843,695	850,484
Current liabilities	(493,559)	(524,541)	(546,422)
Non-current liabilities	(283,716)	(183,545)	(183,335)
Net assets	<u>\$ 820,382</u>	<u>759,332</u>	<u>755,852</u>
Non-controlling interest	<u>\$ 195,630</u>	<u>181,071</u>	<u>180,242</u>

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Operating revenues	<u>\$ 279,939</u>	<u>225,882</u>	<u>789,138</u>	<u>642,577</u>
Net income (loss)	31,785	(611)	63,084	(9,877)
Other comprehensive income	(5,992)	(214)	(2,033)	(6,634)
Total comprehensive income	<u>\$ 25,793</u>	<u>(825)</u>	<u>61,051</u>	<u>(16,511)</u>
Profit (loss) attributable to non-controlling interests	<u>\$ 7,579</u>	<u>(145)</u>	<u>15,044</u>	<u>(2,355)</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 6,150</u>	<u>(196)</u>	<u>14,559</u>	<u>(3,937)</u>

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net cash flows from (used in) operating activities	\$ 50,210	8,922	143,368	(72,833)
Net cash flows used in investing activities	(27,049)	(526)	(29,074)	(9,366)
Net cash flows from (used in) financing activities	56,469	(49,974)	(12,839)	22,717
Net increase (decrease) in cash and cash equivalents	<u>\$ 79,630</u>	<u>(41,578)</u>	<u>101,455</u>	<u>(59,482)</u>
Cash dividend distributed to non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Property, plant and equipment

The detail of movement of the property, plant and equipment for the Group were as follows:

	<u>Land</u>	<u>Land improvements</u>	<u>Buildings and construction</u>	<u>Equipment</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
Cost:						
Balance on January 1, 2022	\$ 893,780	159,000	4,460,492	9,972,383	143,367	15,629,022
Additions	-	-	12,244	55,742	66,941	134,927
Disposal and derecognitions	-	-	(5,855)	(397,289)	(1,345)	(404,489)
Reclassification (note)	-	-	17,366	70,909	(32,113)	56,162
Effect of movements in exchange rates	500	-	13,551	26,733	186	40,970
Balance on September 30, 2022	<u>\$ 894,280</u>	<u>159,000</u>	<u>4,497,798</u>	<u>9,728,478</u>	<u>177,036</u>	<u>15,456,592</u>
Balance on January 1, 2021	\$ 893,877	159,000	4,418,972	9,786,333	177,205	15,435,387
Additions	-	-	7,388	46,432	57,735	111,555
Disposals	-	-	-	(36,902)	-	(36,902)
Reclassification (note)	-	-	34,534	123,634	(112,129)	46,039
Effect of movements in exchange rates	(77)	-	(5,889)	(13,208)	(207)	(19,381)
Balance on September 30, 2021	<u>\$ 893,800</u>	<u>159,000</u>	<u>4,455,005</u>	<u>9,906,289</u>	<u>122,604</u>	<u>15,536,698</u>
Accumulated depreciation and impairment:						
Balance on January 1, 2022	\$ -	12,588	2,726,137	7,998,867	-	10,737,592
Depreciation	-	5,963	124,856	322,733	-	453,552
Disposal and derecognitions	-	-	(5,795)	(345,129)	-	(350,924)
Reclassification	-	-	567	(567)	-	-
Effect of movements in exchange rates	-	-	7,894	21,678	-	29,572
Balance on September 30, 2022	<u>\$ -</u>	<u>18,551</u>	<u>2,853,659</u>	<u>7,997,582</u>	<u>-</u>	<u>10,869,792</u>
Balance on January 1, 2021	\$ -	4,638	2,560,199	7,604,733	-	10,169,570
Depreciation	-	5,963	126,345	342,260	-	474,568
Disposals	-	-	-	(35,792)	-	(35,792)
Effect of movements in exchange rates	-	-	(3,037)	(10,111)	-	(13,148)
Balance on September 30, 2021	<u>\$ -</u>	<u>10,601</u>	<u>2,683,507</u>	<u>7,901,090</u>	<u>-</u>	<u>10,595,198</u>
Carrying amounts:						
Balance on January 1, 2022	<u>\$ 893,780</u>	<u>146,412</u>	<u>1,734,355</u>	<u>1,973,516</u>	<u>143,367</u>	<u>4,891,430</u>
Balance on September 30, 2022	<u>\$ 894,280</u>	<u>140,449</u>	<u>1,644,139</u>	<u>1,730,896</u>	<u>177,036</u>	<u>4,586,800</u>
Balance on January 1, 2021	<u>\$ 893,877</u>	<u>154,362</u>	<u>1,858,773</u>	<u>2,181,600</u>	<u>177,205</u>	<u>5,265,817</u>
Balance on September 30, 2021	<u>\$ 893,800</u>	<u>148,399</u>	<u>1,771,498</u>	<u>2,005,199</u>	<u>122,604</u>	<u>4,941,500</u>

(note): Prepayments for business facilities were reclassified as property, plant and equipment.

- (i) For the nine months ended September 30, 2022 and 2021, the Group capitalized the interest expenses on construction in progress amounted to \$2,609 thousand and \$1,091 thousand respectively, and the monthly interest rate used for capitalization calculation were 0.08%~0.13% and 0.08%~0.09%, respectively.
- (ii) As of September 30, 2022, December 31 and September 30, 2021, the property, plant and equipment of the Group had not been pledged.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Other current assets

	September 30, 2022	December 31, 2021	September 30, 2021
Prepayments	\$ 130,446	77,080	80,689
Offset against business tax payable and input taxes	23,476	46,491	46,198
Others	290	184	446
	<u><u>\$ 154,212</u></u>	<u><u>123,755</u></u>	<u><u>127,333</u></u>

(i) Right-of-use assets

The information about leases of land, buildings and construction, and equipment for which the Group has been a lessee is presented below:

	Land	Buildings and construction	Equipment	Total
Cost:				
Balance on January 1, 2022	\$ 217,239	136,290	15,727	369,256
Acquisitions	815	22,165	5,491	28,471
Disposals	-	(1,917)	(1,811)	(3,728)
Effect of changes in foreign exchange rates	649	2,910	10	3,569
Balance on September 30, 2022	<u><u>\$ 218,703</u></u>	<u><u>159,448</u></u>	<u><u>19,417</u></u>	<u><u>397,568</u></u>
Balance on January 1, 2021	\$ 217,404	142,917	16,143	376,464
Acquisitions	-	19,218	573	19,791
Disposals	-	(24,748)	(718)	(25,466)
Effect of changes in foreign exchange rates	(360)	(2,312)	(198)	(2,870)
Balance on September 30, 2021	<u><u>\$ 217,044</u></u>	<u><u>135,075</u></u>	<u><u>15,800</u></u>	<u><u>367,919</u></u>
Accumulated depreciation:				
Balance on January 1, 2022	\$ 17,153	60,000	7,543	84,696
Depreciation	4,314	20,408	2,803	27,525
Disposals	-	(1,671)	(1,811)	(3,482)
Effect of changes in foreign exchange rates	56	1,341	3	1,400
Balance on September 30, 2022	<u><u>\$ 21,523</u></u>	<u><u>80,078</u></u>	<u><u>8,538</u></u>	<u><u>110,139</u></u>
Balance on January 1, 2021	\$ 11,444	50,534	5,041	67,019
Depreciation	4,287	21,397	2,521	28,205
Disposals	-	(13,549)	(717)	(14,266)
Effect of changes in foreign exchange rates	(22)	(679)	(92)	(793)
Balance on September 30, 2021	<u><u>\$ 15,709</u></u>	<u><u>57,703</u></u>	<u><u>6,753</u></u>	<u><u>80,165</u></u>
Carrying amount:				
Balance on January 1, 2022	<u><u>\$ 200,086</u></u>	<u><u>76,290</u></u>	<u><u>8,184</u></u>	<u><u>284,560</u></u>
Balance on September 30, 2022	<u><u>\$ 197,180</u></u>	<u><u>79,370</u></u>	<u><u>10,879</u></u>	<u><u>287,429</u></u>
Balance on January 1, 2021	<u><u>\$ 205,960</u></u>	<u><u>92,383</u></u>	<u><u>11,102</u></u>	<u><u>309,445</u></u>
Balance on September 30, 2021	<u><u>\$ 201,335</u></u>	<u><u>77,372</u></u>	<u><u>9,047</u></u>	<u><u>287,754</u></u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Intangible assets

	REACH registration related expenses	Others	Total
Carrying amounts:			
Balance on January 1, 2022	\$ <u>110,401</u>	<u>5,355</u>	<u>115,756</u>
Balance on September 30, 2022	\$ <u>93,283</u>	<u>3,784</u>	<u>97,067</u>
Balance on January 1, 2021	\$ <u>112,104</u>	<u>7,640</u>	<u>119,744</u>
Balance on September 30, 2021	\$ <u>108,196</u>	<u>5,880</u>	<u>114,076</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2022 and 2021. Information on amortization for the period is discussed in note 12. Please refer to note 6(j) of consolidated financial statements for the year end December 31, 2021 for the other related information.

(k) Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loans	\$ 1,971,227	1,960,415	2,020,589
Secured bank loans	23,670	16,244	2,766
Short-term notes and bills payable	79,657	79,743	79,737
Total	\$ <u>2,074,554</u>	<u>2,056,402</u>	<u>2,103,092</u>
Unused credit lines	\$ <u>3,912,631</u>	<u>3,330,724</u>	<u>3,610,619</u>
Range of interest rate	<u>1.09%~7.25%</u>	<u>0.55%~4.70%</u>	<u>0.55%~4.70%</u>

As of September 30, 2022, December 31 and September 30, 2021, the Group issued short-term notes and bills payable through Dah-Chung Bills Finance Corp. to obtain funds from the currency market.

For the collateral for short-term borrowings, please refer to note 8.

(l) Long-term borrowings

	September 30, 2022			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.43%~1.92%	2023.12~2027.06	\$ 1,100,000
Less: long-term borrowings, current portion				-
Total				\$ <u>1,100,000</u>
Unused credit lines				\$ <u>350,000</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2021			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.14%~1.15%	2023.1~2024.6	\$ 1,000,000
Less: long-term borrowings, current portion				-
Total				\$ 1,000,000
Unused credit lines				\$ 250,000

	September 30, 2021			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.14%~1.18%	2022.1~2024.5	\$ 1,000,000
Less: long-term borrowings, current portion				-
Total				\$ 1,000,000
Unused credit lines				\$ 300,000

Please refer note 6(u) for the interest expense. For the other related information, please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2021. The Group had not pledged the assets as collateral for long-term bank loans.

(m) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	September 30, 2022	December 31, 2021	September 30, 2021
Current	\$ 34,629	29,830	30,213
Non-current	\$ 241,184	241,777	243,939

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

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Interest on lease liabilities	\$ 1,616	1,530	4,685	4,802
Expenses relating to short-term leases	\$ 482	1,254	2,925	2,742

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

	For the nine months ended September 30	
	2022	2021
Total cash outflow for leases	\$ 33,255	33,522

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Land, buildings and constructions, and equipment lease

The Group leases land, buildings and constructions, and equipment for its warehouses and office space. The leases of warehouses and office typically run for a period from 3 to 20 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.

(ii) The Group leases office equipment and vehicles whose lease periods are 1 to 3 years, are recognized as short-term or lower-price lease. The Group elected to apply practical expedients not recognizing relative right-of-use assets and lease liabilities.

(n) Provisions

The movements of the provisions were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Balance on January 1	\$ 87,450	119,250	119,250
Decreases	-	(31,800)	(15,900)
Balance on September 30	<u>\$ 87,450</u>	<u>87,450</u>	<u>103,350</u>

A provision was made in respect of the Group's obligation to rectify environmental damage which was recognized in other current liabilities and other non-current liabilities.

(o) Employee benefits

(i) Defined benefit plans

At the end of the prior fiscal year, there was no material volatility of the market, as well as reimbursement and settlement, or other significant one-time events. As a result, the pension cost in the consolidated interim financial statements was measured and disclosed on a year-to-date basis by using the actuarially determined pension cost rate of December 31, 2021 and 2020.

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Operating costs	\$ 1,447	1,400	4,313	4,156
Operating expenses	1,067	970	3,729	2,955
	<u>\$ 2,514</u>	<u>2,370</u>	<u>8,042</u>	<u>7,111</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

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

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Operating costs	\$ 8,849	8,331	26,207	24,525
Operating expenses	7,467	6,747	22,010	20,098
	<u>\$ 16,316</u>	<u>15,078</u>	<u>48,217</u>	<u>44,623</u>

(p) Income taxes

(i) The components of income tax were as follows:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current tax expense	<u>\$ 25,927</u>	<u>30,061</u>	<u>80,181</u>	<u>108,405</u>

(ii) The Company's income tax return for the years through 2020 were assessed and approved by the tax authorities.

(q) Capital and other equity

There was no significant change for capital and other equity for the periods from January 1 to September 30, 2022 and 2021. For the related information, please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2021.

(i) Retained earnings

In accordance with amendment to Company's article of incorporation, it stipulates that the 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 is to be appropriated as follows:

- 1) Legal reserve should be at 10%.
- 2) Special reserve should be appropriated (reversed) in accordance with related rules.
- 3) Remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company's dividend policy is as follows:

In order for the requirement of future investment and shareholders' interest, the dividend payment is not lower than 50% of net profit or current year deduct legal reserve and the payment of cash dividend should exceed 25% of total dividends.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Distribution of earnings

On March 24, 2022 and March 25, 2021 the Company's board of directors resolved to appropriate the 2021 and 2020 earnings. These earnings were appropriate as follows:

	2021		2020	
	Amount per share	Amount	Amount per share	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.50	\$ <u><u>273,876</u></u>	0.30	<u><u>164,326</u></u>

(iii) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non- controlling interest	Total
Balance on January 1, 2022	\$ (130,318)	735,613	(8,575)	596,720
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(595,941)	(484)	(596,425)
Exchange differences on translation of foreign financial statements	72,600	-	15,874	88,474
Exchange differences on associates accounted for using equity method	(3,077)	-	-	(3,077)
Disposal of equity instruments designated at fair value through other comprehensive income	-	(10,243)	-	(10,243)
Balance on September 30, 2022	<u><u>\$ (60,795)</u></u>	<u><u>129,429</u></u>	<u><u>6,815</u></u>	<u><u>75,449</u></u>
	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non- controlling interest	Total
Balance on January 1, 2021	\$ (110,615)	226,554	(5,940)	109,999
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	359,844	(1,582)	358,262
Exchange differences on translation of foreign financial statements	(27,918)	-	(2,571)	(30,489)
Exchange differences on associates accounted for using equity method	3,185	-	-	3,185
Balance on September 30, 2021	<u><u>\$ (135,348)</u></u>	<u><u>586,398</u></u>	<u><u>(10,093)</u></u>	<u><u>440,957</u></u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Earning per share

The Group's earnings per share were calculated as follows:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Basic earning per share				
Profit attributable to common shareholders of the Company	\$ <u>84,158</u>	<u>106,727</u>	<u>321,370</u>	<u>395,422</u>
Weighted-average number of common shares outstanding	<u>547,752</u>	<u>547,752</u>	<u>547,752</u>	<u>547,752</u>
Basic earnings per share (express in New Taiwan Dollar)	\$ <u>0.15</u>	<u>0.19</u>	<u>0.59</u>	<u>0.72</u>
	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Diluted earning per share				
Profit attributable to common shareholders of the Company	\$ <u>84,158</u>	<u>106,727</u>	<u>321,370</u>	<u>395,422</u>
Weighted-average number of common shares outstanding (basic)	\$ 547,752	547,752	547,752	547,752
Effect of employee compensation	333	269	1,461	1,259
Weighted-average number of common shares outstanding (diluted)	<u>548,085</u>	<u>548,021</u>	<u>549,213</u>	<u>549,011</u>
Diluted earnings per share (express in New Taiwan Dollar)	\$ <u>0.15</u>	<u>0.19</u>	<u>0.59</u>	<u>0.72</u>

(s) Employees compensation and directors' remuneration

In accordance with the articles of incorporation, the Company should contribute 5% of the profit as employee compensation and a maximum of 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients may include the employees of the Company's affiliated companies who meet certain conditions.

The estimated amounts of remuneration for the Company's employees and directors were as follows:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Employees' Compensation	\$ 6,027	6,902	20,379	25,610
Directors' Remuneration	2,411	2,761	8,152	10,244
	<u>\$ 8,438</u>	<u>9,663</u>	<u>28,531</u>	<u>35,854</u>

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles. These remunerations were expensed under operating costs or operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020, the employee compensation amounted to \$29,722 thousand and \$14,077 thousand, and directors' remuneration amounting to \$11,909 thousand and \$5,631 thousand, respectively. There were no any difference between the actual disturbed amount and those recognized in the financial statements. The related information would be available at the Market Observation Post System Website.

(t) Revenue from contract with customers

(i) Disaggregation of revenue

		For the three months ended September 30, 2022					
		Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Total
Primary geographical markets:							
Taiwan	\$	98,705	65,062	243,077	8,192	1,468	416,504
America		71,579	93,149	-	59,645	32,311	256,684
Asia		585,896	244,300	95,119	242,634	4,209	1,172,158
Europe		126,463	102,329	-	59,192	21,883	309,867
Other		20,788	43,375	-	3,348	7,341	74,852
	\$	<u>903,431</u>	<u>548,215</u>	<u>338,196</u>	<u>373,011</u>	<u>67,212</u>	<u>2,230,065</u>
Major products:							
Chemicals	\$	903,431	548,215	338,196	-	-	1,789,842
Toners		-	-	-	373,011	-	373,011
Other		-	-	-	-	67,212	67,212
	\$	<u>903,431</u>	<u>548,215</u>	<u>338,196</u>	<u>373,011</u>	<u>67,212</u>	<u>2,230,065</u>
		For the three months ended September 30, 2021					
		Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Total
Primary geographical markets:							
Taiwan	\$	104,223	76,628	178,070	7,100	2,185	368,206
America		56,407	134,652	-	66,122	15,240	272,421
Asia		637,370	232,713	128,674	153,868	16,545	1,169,170
Europe		151,888	98,631	-	51,473	21,996	323,988
Other		27,516	22,958	-	5,895	5,023	61,392
	\$	<u>977,404</u>	<u>565,582</u>	<u>306,744</u>	<u>284,458</u>	<u>60,989</u>	<u>2,195,177</u>
Major products:							
Chemicals	\$	977,404	565,582	306,744	-	-	1,849,730
Toners		-	-	-	284,458	-	284,458
Other		-	-	-	-	60,989	60,989
	\$	<u>977,404</u>	<u>565,582</u>	<u>306,744</u>	<u>284,458</u>	<u>60,989</u>	<u>2,195,177</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2022						
	Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Total
Primary geographical markets:						
Taiwan	\$ 314,612	229,907	694,246	30,316	6,672	1,275,753
America	185,265	421,377	-	166,660	54,974	828,276
Asia	1,816,696	745,223	296,882	623,165	17,477	3,499,443
Europe	410,333	470,494	-	191,318	79,516	1,151,661
Other	66,309	111,095	-	12,830	20,732	210,966
	<u>\$ 2,793,215</u>	<u>1,978,096</u>	<u>991,128</u>	<u>1,024,289</u>	<u>179,371</u>	<u>6,966,099</u>
Major products:						
Chemicals	\$ 2,793,215	1,978,096	991,128	-	-	5,762,439
Toners	-	-	-	1,024,289	-	1,024,289
Other	-	-	-	-	179,371	179,371
	<u>\$ 2,793,215</u>	<u>1,978,096</u>	<u>991,128</u>	<u>1,024,289</u>	<u>179,371</u>	<u>6,966,099</u>
For the nine months ended September 30, 2021						
	Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Total
Primary geographical markets:						
Taiwan	\$ 316,789	241,163	614,168	28,604	6,366	1,207,090
America	193,589	342,241	-	132,418	31,408	699,656
Asia	1,967,353	774,433	305,303	512,364	58,535	3,617,988
Europe	532,203	380,151	-	159,556	77,874	1,149,784
Other	66,755	47,746	-	15,230	21,226	150,957
	<u>\$ 3,076,689</u>	<u>1,785,734</u>	<u>919,471</u>	<u>848,172</u>	<u>195,409</u>	<u>6,825,475</u>
Major products:						
Chemicals	\$ 3,076,689	1,785,734	919,471	-	-	5,781,894
Toners	-	-	-	848,172	-	848,172
Other	-	-	-	-	195,409	195,409
	<u>\$ 3,076,689</u>	<u>1,785,734</u>	<u>919,471</u>	<u>848,172</u>	<u>195,409</u>	<u>6,825,475</u>

(ii) Contract balance

	September 30, 2022	December 31, 2021	September 30, 2021
Receivables	\$ 1,852,316	1,918,261	1,874,127
Less: loss allowance	(67,810)	(75,815)	(76,708)
Total	<u>\$ 1,784,506</u>	<u>1,842,446</u>	<u>1,797,419</u>

For the detail on receivables and loss allowance, please refer to note 6(c).

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Non-operating income and expenses

(i) Interest income

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ <u>1,441</u>	<u>826</u>	<u>3,321</u>	<u>3,410</u>

(ii) Other income

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Dividend income	\$ <u>8,740</u>	<u>4,282</u>	<u>47,198</u>	<u>39,880</u>

(iii) Other gains and losses

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Foreign exchange gains (losses), net	\$ 13,345	(3,652)	46,991	(45,401)
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	6,624	109	12,573	(1,629)
Gains (losses) on disposal of property, plant and equipment	(152)	346	(2,822)	590
Subsidy revenue	4,511	5,290	12,560	7,809
Disaster loss	(1,036)	-	(32,381)	-
Others	16,240	17,432	49,355	50,250
	\$ <u>39,532</u>	<u>19,525</u>	<u>86,276</u>	<u>11,619</u>

(iv) Finance costs

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest expense	\$ <u>19,821</u>	<u>11,741</u>	<u>46,959</u>	<u>36,924</u>

(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 the related information, please refer to note 6(v) of the consolidated financial statements for the year end December 31, 2021.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Credit risk

1) Credit risk exposure

There was on concentration of credit risk.

2) Receivables securities

For credit risk exposure of receivables, please refer note 6(c).

Other financial assets at amortized cost includes other receivables, investment bonds and refundable deposits. There were no loss allowance provision for the nine months ended September 30, 2022 and 2021. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over 5 years</u>
September 30, 2022						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,074,554	2,077,115	2,077,115	-	-	-
Notes payable	188,479	188,479	188,479	-	-	-
Accounts payable	310,753	310,753	310,753	-	-	-
Lease liabilities	275,813	343,456	40,369	47,951	42,647	212,489
Other payable	434,398	434,399	434,399	-	-	-
Payables on equipment	14,985	14,985	14,985	-	-	-
Long-term borrowings	<u>1,100,000</u>	<u>1,144,495</u>	<u>2,078</u>	<u>57,467</u>	<u>1,084,950</u>	<u>-</u>
	\$ 4,398,982	4,513,682	3,068,178	105,418	1,127,597	212,489
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,056,402	2,060,470	2,060,470	-	-	-
Notes payable	238,909	238,909	238,909	-	-	-
Accounts payable	329,088	329,088	329,088	-	-	-
Lease liabilities	271,607	341,210	35,319	41,584	46,307	218,000
Other payable	535,475	535,475	535,475	-	-	-
Payables on equipment	43,062	43,062	43,062	-	-	-
Long-term borrowings	<u>1,000,000</u>	<u>1,019,440</u>	<u>-</u>	<u>617,348</u>	<u>402,092</u>	<u>-</u>
	\$ 4,474,543	4,567,654	3,242,323	658,932	448,399	218,000

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over 5 years</u>
September 30, 2021						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,103,092	2,109,014	2,109,014	-	-	-
Notes payable	213,971	213,971	213,971	-	-	-
Accounts payable	401,873	401,873	401,873	-	-	-
Lease liabilities	274,152	344,629	35,669	41,352	47,146	220,462
Other payable	380,929	380,929	380,929	-	-	-
Payables on equipment	7,166	7,166	7,166	-	-	-
Long-term borrowings	<u>1,000,000</u>	<u>1,022,493</u>	<u>-</u>	<u>619,202</u>	<u>403,291</u>	<u>-</u>
Subtotal	<u>4,381,183</u>	<u>4,480,075</u>	<u>3,148,622</u>	<u>660,554</u>	<u>450,437</u>	<u>220,462</u>
Financial liabilities as fair value through profit and loss	<u>1,804</u>	<u>1,804</u>	<u>1,804</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,382,987</u>	<u>4,481,879</u>	<u>3,150,426</u>	<u>660,554</u>	<u>450,437</u>	<u>220,462</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:

	<u>September 30, 2022</u>			<u>December 31, 2021</u>			<u>September 30, 2021</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 46,895	31.75	1,488,901	53,292	27.68	1,475,130	54,806	27.85	1,526,342
JPY	69,811	0.22	15,358	149,975	0.24	35,994	286,505	0.25	71,626
RMB	67,942	4.47	303,701	72,665	4.34	315,367	72,069	4.30	309,899
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	48,746	31.77	1,547,675	59,472	27.70	1,646,182	62,791	27.87	1,748,740
JPY	288,058	0.22	63,373	131,506	0.24	31,561	106,413	0.25	26,603
RMB	5,842	4.50	26,113	1,832	4.37	7,953	12,966	4.33	55,755

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, loans and borrowings, and accounts payable that are denominated in foreign currency. A strengthening (weakening) 1% of appreciation (depreciation) of the NTD against the USD, JPY and RMB for the nine months ended September 30, 2022 and 2021, would have changed the profit by \$1,366 thousand and \$614 thousand, respectively. The analysis is performed on the same basis for 2022 and 2021.

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the three months and nine months ended September 30, 2022 and 2021, foreign exchange losses (including realized and unrealized portions) are exchange gains (losses) amounted to \$13,345 thousand, \$(3,652) thousand, \$46,991 thousand and \$(45,401) thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increase or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased/decreased by 1%, the Group's profit would have changed by \$25,396 thousand and \$24,825 thousand, respectively, for the nine months ended September 30, 2022 and 2021, with all other variable factors that remain constant. This is mainly due to the Group's borrowing at floating rates.

(v) Other price risk

For the nine months ended September 30, 2022 and 2021, the sensitivity analyses for changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Prices of securities at reporting day	For the nine months ended September 30, 2022		For the nine months ended September 30, 2021	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
1% increase	\$ 9,377	-	13,786	-
1% decrease	\$ (9,377)	-	(13,786)	-

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Fair value of financial instruments

1) Categories and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit and 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 that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	Carrying amount	September 30, 2022			
		Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	\$ 4,013	4,013	-	-	4,013
Derivative financial assets	12,443	-	12,443	-	12,443
Subtotal	<u>16,456</u>	<u>4,013</u>	<u>12,443</u>	<u>-</u>	<u>16,456</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	717,859	717,859	-	-	717,859
Domestic unlisted common shares	219,800	-	-	219,800	219,800
Subtotal	<u>937,659</u>	<u>717,859</u>	<u>-</u>	<u>219,800</u>	<u>937,659</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,339,736	-	-	-	-
Financial assets at amortized cost	20,000	-	-	-	-
Notes and accounts receivable	1,784,506	-	-	-	-
Other financial assets	82,733	-	-	-	-
Subtotal	<u>3,226,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>4,181,090</u>	<u>721,872</u>	<u>12,443</u>	<u>219,800</u>	<u>954,115</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 3,174,554	-	-	-	-
Notes and accounts payable	499,232	-	-	-	-
Lease liabilities	275,813	-	-	-	-
Other payable	434,398	-	-	-	-
Payables on equipment	14,985	-	-	-	-
Total	\$ <u>4,398,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2021			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	\$ 60,247	60,247	-	-	60,247
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	1,449,877	1,449,877	-	-	1,449,877
Domestic unlisted common shares	79,987	-	-	79,987	79,987
Subtotal	<u>1,529,864</u>	<u>1,449,877</u>	<u>-</u>	<u>79,987</u>	<u>1,529,864</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,449,753	-	-	-	-
Financial assets at amortized cost	3,502	-	-	-	-
Notes and accounts receivable	1,842,446	-	-	-	-
Other financial assets	30,351	-	-	-	-
Subtotal	<u>3,326,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,916,163</u>	<u>1,510,124</u>	<u>-</u>	<u>79,987</u>	<u>1,590,111</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 3,056,402	-	-	-	-
Notes and accounts payable	567,997	-	-	-	-
Lease liabilities	271,607	-	-	-	-
Other payable	535,475	-	-	-	-
Payables on equipment	43,062	-	-	-	-
Total	<u>\$ 4,474,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		September 30, 2021			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	\$ 90,221	90,221	-	-	90,221
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	1,288,579	1,288,579	-	-	1,288,579
Domestic unlisted common shares	90,055	-	-	90,055	90,055
Subtotal	<u>1,378,634</u>	<u>1,288,579</u>	<u>-</u>	<u>90,055</u>	<u>1,378,634</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,351,983	-	-	-	-
Financial assets at amortized cost	3,615	-	-	-	-
Notes and accounts receivable	1,797,419	-	-	-	-
Other financial assets	39,369	-	-	-	-
Subtotal	<u>3,192,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,661,241</u>	<u>1,378,800</u>	<u>-</u>	<u>90,055</u>	<u>1,468,855</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 1,804	-	1,804	-	1,804
Financial liabilities measured at amortized cost					
Bank loans	3,103,092	-	-	-	-
Notes and accounts payable	615,844	-	-	-	-
Lease liabilities	274,152	-	-	-	-
Other payable	380,929	-	-	-	-
Payables on equipment	7,166	-	-	-	-
Subtotal	<u>4,381,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,382,987</u>	<u>-</u>	<u>1,804</u>	<u>-</u>	<u>1,804</u>

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative instruments

The fair value of financial instruments traded in an active market is based on the quoted market prices. The quotations, which is published by the main exchange center, is included in the fair value of the listed securities instruments in an active market with open bid.

A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis. Otherwise, the market is deemed to be inactive. Normally, a market is considered to be inactive as follows:

- i) the bid-ask spread is increasing; or
- ii) the bid-ask spread varies significantly; or
- iii) there has been a significant decline in trading volume.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

When the financial instrument of the Group is traded in an active market, its fair value is illustrated by the category and nature as follows:

- The fair value of stocks listed on domestic and foreign markets, which are the financial assets with standard terms and conditions and traded in an active market, are based on the market closing prices.

Except the aforementioned financial instruments, with active market the others' fair value is based on valuation techniques. 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 data.

When the financial instrument of the Group is traded in an inactive market, its fair value is illustrated by the category and nature as follows:

- Unquoted equity instruments: the fair value of financial instruments transactions in an inactive market, which is valued by comparable method. The main hypothesis is referred from the quotations of comparable listed companies and earning multiplies of PBR proportion as basic, which is adjusted by the discount affections of equity securities lacking market liquidity.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Transfers between Level 1 and Level 2

The Group didn't have any fair value transfer between levels for the nine months ended September 30, 2022 and 2021.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2022	\$ 79,987
Purchased	33,120
Total gains or losses:	
Recognized in other comprehensive income	106,693
Balance on September 30, 2022	\$ 219,800

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2021	\$ 50,190
Total gains or losses:	
Recognized in other comprehensive income	39,865
Balance on September 30, 2021	\$ 90,055

The aforementioned total gains or losses were included “unrealized gains (losses) on equity investment measured at fair value through other comprehensive income”, which related to holding assets on September 30, 2022 and 2021 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Recognized in other comprehensive income	\$ 43,050	31,747	106,693	39,865

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 were “financial assets measured at fair value through other comprehensive income – debt investments”.

Most of the Group's financial instruments that use level 3 inputs to measure fair value have multiple significant unobservable inputs. There is no correlation existence among the significant unobservable inputs of equity investments that have no active markets because they were independent of each other.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through other comprehensive income- equity investments without an active market	Comparable Listed companies approach	<ul style="list-style-type: none"> • Price-Book Ratio (as of September 30, 2022, December 31 and September 30, 2021 were 3.02~4.90, 2.70~7.25 and 3.05~6.70, respectively) • Market liquidity discount rate (as of September 30, 2022, December 31 and September 30, 2021 were all 20%) 	<ul style="list-style-type: none"> • The estimated fair value would increase if the multiplier was higher. • The estimated fair value would decrease if market liquidity discount rate was higher.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The Group's measurements of financial instruments' fair value were reasonable, only if using different variables leading different results. For the fair value measurements in level 3, if changing valuation variables, would have the following effects on other comprehensive income on September 30, 2022, December 31 and September 30, 2021:

Inputs	Upwards or Downwards	Fair value variation on other comprehensive income					
		Favorable			Unfavorable		
		September 30, 2022	December 31, 2021	September 30, 2021	September 30, 2022	December 31, 2021	September 30, 2021
Price-book ratio	5%	10,629	4,012	4,428	(10,629)	(4,012)	(4,428)
Market liquidity discount rate	5%	10,278	3,988	4,565	(10,278)	(3,988)	(4,565)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

- (w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(w) of the consolidated financial statements for the year ended December 31, 2021.

- (x) Capital management

The Group's objectives, policies and processes of capital management were the same as those described in the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2021.

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

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes		September 30, 2022
			Foreign exchange movement	Others	
Short-term borrowings	\$ 2,056,402	5,651	12,501	-	2,074,554
Long-term borrowings	1,000,000	100,000	-	-	1,100,000
Lease liabilities	271,607	(25,645)	1,638	28,213	275,813
Total liabilities from financing activities	\$ 3,328,009	80,006	14,139	28,213	3,450,367

	January 1, 2021	Cash flows	Non-cash changes		September 30, 2021
			Foreign exchange movement	Others	
Short-term borrowings	\$ 1,871,991	236,680	(5,579)	-	2,103,092
Long-term borrowings	1,290,000	(290,000)	-	-	1,000,000
Lease liabilities	293,710	(25,978)	(1,789)	8,209	274,152
Total liabilities from financing activities	\$ 3,455,701	(79,298)	(7,368)	8,209	3,377,244

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions:

(a) Names and relationship with related parties

The following is the entity that has had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Chung Hwa Chemical Industrial Works, Ltd. (CHCIW)	The entity's chairman is the director of the Company

(b) Significant transactions with related parties

(i) Purchase

The amounts of significant purchases by the Group from related parties were as follows:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	2022	2021	2022	2021
CHCIW	\$ 7,696	10,922	30,083	30,378

The prices, payment terms and other terms and conditions of purchase transactions with related parties were not materially different from those of the third-party vendors.

(ii) Payables to related parties

<u>Account</u>	<u>Name of related party</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes and accounts payable	CHCIW	\$ 12,509	17,165	15,434
Other payable	CHCIW	-	2,676	-
		<u>\$ 12,509</u>	<u>19,841</u>	<u>15,434</u>

(c) Key management personnel compensation

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	2022	2021	2022	2021
Short-term employee benefits	\$ 7,099	6,483	21,415	22,008
Post-employment benefits	121	148	371	466
	<u>\$ 7,220</u>	<u>6,631</u>	<u>21,786</u>	<u>22,474</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Assets pledged as security:

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts receivable	Short-term borrowings	\$ 112,292	115,601	99,049
Inventories	Short-term borrowings	9,525	8,304	33,629
		<u>\$ 121,817</u>	<u>123,905</u>	<u>132,678</u>

(9) Commitments and contingencies:

(a) The Group's unrecognized contractual commitment are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Acquisition of property, plant and equipment	<u>\$ 201,020</u>	<u>77,954</u>	<u>109,992</u>

(b) The Group's outstanding standby letter of credit are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Outstanding standby letter of credit	<u>\$ -</u>	<u>2,385</u>	<u>-</u>

(10) Losses due to major disasters:

A fire accident occurred in building Plant #3 on March 10, 2022, and caused damage to some buildings, equipment and inventories. The aforementioned estimated disaster loss is \$66,381 thousand recognized in other gains and losses in September 30, 2022. The Company has already entered into related property insurance contracts and is currently in the process of negotiation with the insurance company to handle claims. The Company has confirmed with the insurance company and its notary to recognize the virtually certain amount of compensation that can be received from the insurance company as claim receivables, but shall not exceed the disaster loss of each asset. As of September 30, 2022, the Company recognizes the claim receivable for \$34,000 thousand, as a deduction in other gains and losses. However, the insurance claims involve disaster identification, the Company has not been able to confirm the total amount of insurance claims, and will recognize it when the Company can almost be certain that it can receive the subsequent increase in insurance claims income.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(11) Subsequent Events: None.

(12) Other:

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

By item	By function	For the three months ended September 30, 2022			For the three months ended September 30, 2021		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		185,063	154,527	339,590	192,106	152,619	344,725
Labor and health insurance		17,517	16,113	33,630	16,906	14,168	31,074
Pension		10,296	8,534	18,830	9,731	7,717	17,448
Remuneration of directors		-	2,411	2,411	-	2,761	2,761
Others		9,607	4,339	13,946	6,098	4,004	10,102
Depreciation (note)		124,176	32,904	157,080	132,415	34,430	166,845
Amortization		444	7,433	7,877	444	7,317	7,761

By item	By function	For the nine months ended September 30, 2022			For the nine months ended September 30, 2021		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		561,765	462,338	1,024,103	543,619	436,795	980,414
Labor and health insurance		53,251	47,717	100,968	50,558	44,045	94,603
Pension		30,520	25,739	56,259	28,681	23,053	51,734
Remuneration of directors		-	8,152	8,152	-	10,244	10,244
Others		25,788	14,214	40,002	18,966	12,221	31,187
Depreciation (note)		383,610	97,383	480,993	395,233	107,351	502,584
Amortization		1,439	24,578	26,017	1,554	21,965	23,519

Note: For the three months and the nine months ended September 30, 2022 and 2021, depreciation expenses recognized were \$157,080 thousand, \$166,908 thousand, \$481,077 thousand and \$502,773 thousand, respectively, less deferred gains of \$0 thousand, \$64 thousand, \$84 thousand and \$189 thousand, respectively.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions

The following is 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, 2022:

1. Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related Party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Item	Value		
0	ECIC	EVSZ	Other receivable from related parties	Yes	158,750	158,750	-	-	2	-	Short-term operation financing	-	NA	-	832,721	3,330,886

Note1 : According to the Company’s Operating Procedures of Fund Lending and Guarantee, the amount of loaned fund shall be limited to 40% of the lending company’s net worth. The individual lending amount shall not exceed 10% of the lending company’s net worth.

Note2 : The nature of financing as follow:

1. Business transaction calls for a loan arrangement.
2. The need for short-term financing.

2. Guarantees and endorsements for other parties

Number	Name of guarantor	Counter -party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements Amount	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to the companies in mainland China
		Name	Relationship with the Company (Note 2)										
0	ECIC	EVUS	Subsidiary	832,721	63,500	63,500	9,525	-	0.76%	2,081,804	Yes	No	No

Note1 : According to the Company’s Operating Procedures of Fund Lending and Guarantee, the amount of guarantees shall be limited to 25% of the Company’s net worth.

The individual guarantee amount shall not exceed 10% of the Company’s net worth.

Note2 : The relationship of guarantee and endorsement with the Company and counter-party:

1. The Company that has a business relationship with endorsement/guarantee provider.
2. A subsidiary in which endorser/guarantor provider holds directly over 50% of equity interest.
3. An investee in which endorsement/guarantee provider and its subsidiaries hold over 50% of equity interest.
4. An investor which holds directly or indirectly over 50% of equity interest of endorser/guarantor provider.
5. The Company that has provided guarantees to endorsement/guarantee provider, and vice versa, due to contractual requirements.
6. An investee in which endorsement/guarantee provider conjunctly invests with other stockholders, and for which endorsement/guarantee provider has provided endorsement/guarantee provider in proportion to its shareholding percentage.
7. Peer engaged in the escrow of the sales contract on pre-sale house under the Consumer Protection Act.

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

3. Securities held as of September 30, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of Shares/Units)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Note
				Shares/Units	Carrying value	Percentage of Ownership	Fair value	
GLTP	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss-current	237	4,013	-	4,013	
	Total			4,013		4,013		
ECIC	Polytronics Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	8,000	445,247	9%	446,400	
"	Chung Hwa	-		5,500	92,217	5%	150,150	
"	Chemical Industrial Works, LTD	-		2,140	74,900	2%	59,706	
"	General Plastic Industrial Co., Ltd.	-		4,724	103,120	14%	194,156	
"	Andros Pharmaceuticals Co., Ltd.	-		70	2,269	-	1,897	
GLTP	QISDA Corp.	-		260	7,800	1%	10,686	
"	Andros Pharmaceuticals Co., Ltd.	-		414	11,400	1%	14,958	
"	Taiwan Bio Therapeutics Co., Ltd.	-		2,140	74,900	2%	59,706	
TTI	General Plastic Industrial Co., Ltd.	-						
			Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		125,806		-	
	Total				937,659		937,659	

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

5. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

6. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

7. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Purchase/Sale	Transaction details			Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
				Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
ECIC	EVEU	Subsidiary	Sale	436,848	6.27%	OA 90	Non material differences from those of third-parties	Non material differences from those of third-parties	58,421	3.22%	Note
"	EVUS	"	"	314,532	4.52%	OA 100	"	"	114,395	6.31%	Note
"	ELITE	"	"	248,798	3.57%	OA 100	"	"	87,343	4.81%	Note
"	EVSZ	"	"	163,813	2.35%	OA 90	"	"	37,100	2.05%	Note
"	ADSH	"	"	140,179	2.01%	OA 120	"	"	96,395	5.31%	Note
"	ETSH	"	"	124,270	1.78%	OA 90	"	"	41,175	2.27%	Note
"	EVSH	"	"	121,867	1.75%	OA 90	"	"	43,209	2.38%	Note
TTI	EVSZ	Affiliated	"	121,094	1.74%	OA 90	"	"	35,644	1.96%	Note

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

8. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance (note)	Turnover rate	Overdue		Amounts received in subsequent period (As of November 10, 2022)	Loss allowance
					Amount	Action taken		
ECIC	EVUS	Subsidiary	114,395	3.08	-	-	16,513	-

Note : The amount of the transactions and the ending balance had been eliminated in the consolidated financial statements.

9. Trading in derivative instruments: Please refer to note 6(b).

10. Significant transactions and business relationships between the parent company and its subsidiaries:

Number (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentages of the consolidated net revenue or total assets
0	ECIC	EVEU	1	Operating revenue	436,848	No material differences from those of third parties	6.27%
0	"	EVUS	1	"	314,532	"	4.52%
0	"	ELITE	1	"	248,798	"	3.57%
0	"	EVSZ	1	"	163,813	"	2.35%
0	"	ADSH	1	"	140,179	"	2.01%
0	"	ETSH	1	"	124,270	"	1.78%
0	"	EVSH	1	"	121,867	"	1.75%
0	"	EVHK	1	"	74,519	"	1.07%
1	TTI	EVSZ	2	"	121,094	"	1.74%

Note 1: Company numbering as follows:

Parent company - 0

Subsidiary starts from 1

Note 2: The numbering of the relationship between transaction parties as follows:

Parent company to subsidiary - 1

Subsidiary to subsidiary - 2

Note 3: These accounts are disclosed based on the amounts represented to 1% of consolidated net sales or 1% of consolidated net assets.

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(b) Information on investments (excluding investment in mainland China):

The following are the information on investees for the nine months ended September 30, 2022 (excluding investment in mainland China):

Units in Thousands

Reports by	Name of investee	Location	Main businesses and products	Original investment amount		Balance of September 30, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
ECIC	EVUS	America	Selling chemical product and related raw materials	88,868	88,868	300	100.00%	154,028	13,770	13,770	(Note 2)
"	EVHK	Hong Kong	Selling chemical product and related raw materials	34,579	34,579	1,000	100.00%	43,483	1,390	1,390	(Note 2)
"	EVSG	Singapore	Investing business	794,290	779,115	24,800	100.00%	971,498	(8,472)	(8,472)	(Note 2)
"	EVEU	Netherland	Selling chemical product and related raw materials	7,890	7,890	1	100.00%	92,437	28,363	28,363	(Note 2)
"	TTI	Hsinchu City	Manufacturing and selling toners of laser printer, copier and fax machine	242,192	242,192	44,906	76.15%	623,220	63,084	46,986	(Note 2)
"	ELITE	Turkey	Selling chemical product and related raw materials	45,016	45,016	22	50.00%	122,409	11,477	5,739	(Note 2)
"	GOODTV	Taipei City	Cable TV channels	19,000	19,000	1,900	22.35%	20,598	1,745	390	(Note 1)
"	TAK	Taoyuan City	Manufacturing of inductance core and cathode materials of Lithium ion battery	58,600	58,600	4,856	16.78%	45,622	5,139	943	(Note 1)
"	DCBM	Taoyuan City	Manufacturing of medical supplies and providing service of biological technology	62,555	62,555	6,325	91.26%	8,340	-	-	(Note 2)
"	GLTP	Taipei City	Investing business	100,000	100,000	10,000	100.00%	33,651	165	165	(Note 2)
	Unrealized gross profit on sales			-	-			(100,687)		-	
				1,452,990	1,437,815			2,014,599		89,274	

Note 1: These companies are the investees of investments accounted for using equity method. Investment income (loss) arisen from these companies were included in share of profit of subsidiaries accounted for using equity method of the Company.

Note 2: The amounts of the transactions and the ending balance had been eliminated in the consolidated financial statements.

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(c) Information on investment in mainland China:

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

Units in Thousands

Reports by Securities	Main businesses and products	Total amount of paid-in capital		Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022		Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2022		Net income (losses) of the investee	Percentage of ownership	Highest balance during the year	Investment income (losses)	Book value	Accumulated remittance of earnings in current period	
		USD	NTD		USD	NTD	Outflow	Inflow	USD	NTD						USD	TWD
ETSH (Note 9)	Selling chemical product and related raw materials	1,700 (Note 8)	53,975	(Note 7)	700	22,225			700	22,225	12,747	100.00%	100.00%	12,747 (note 2)	163,531	2,961	94,012
ETGZ (Note 9)	Selling chemical product and related raw materials	700 (Note 7)	22,225	(Note 7)	200	6,350			200	6,350	6,356	100.00%	100.00%	6,356 (note 2)	100,642	1,523	48,355
EVSH (Note 9)	Selling chemical product and related raw materials	1,250 (Note 7)	39,688	(Note 7)	1,100	34,925			1,100	34,925	4	100.00%	100.00%	4 (note 2)	153,403	950	30,163
EVSZ (Note 9)	Manufacturing and selling color chemical, toners and electronic high tech chemical product	23,650 (Note 5)	750,888	(Note 1)	18,600	590,550			18,600	590,550	(15,229)	100.00%	100.00%	(15,229) (note 2)	863,270	-	-
ANDA (Note 9)	Selling electronic high tech chemical product	1,200 (Note 5)	38,100	(Note 1)	650	20,638			650	20,638	(2,326)	56.25%	56.25%	(1,308) (note 3)	21,150	-	-
ADSH (Note 9)	Selling electronic high tech chemical product	157 (Note 6)	4,985	(Note 6)	-	-			-	-	75	56.25%	56.25%	42 (note 3)	13,406	-	-
3ESZ	Manufacturing and selling chemical product and related raw materials	6,600 (Note 5)	209,550	(Note 1)	2,490	79,058			2,490	79,058	21,020	40.00%	40.00%	8,408 (note 3)	70,705	-	-

- Note 1: Reinvest in mainland China through third place (EVSG).
 Note 2: These financial statements are reviewed by the same auditor of the Taiwan parent company and accounted for equity method.
 Note 3: The amounts had been accounted for using equity method based upon the unreviewed financial statements of these investees.
 Note 4: Exchange rate: NTD vs USD (1:31.75). Expressed in thousands of New Taiwan Dollars unless otherwise specified.
 Note 5: EVSG invested in EVSZ USD 5,050 thousand, ANDA USD 25 thousand and 3ESZ USD 150 thousand by owned funds.
 Note 6: ANDA invested in ADSH amounted to RMB 1,000 thousand (USD 157 thousand) by owned funds.
 Note 7: EVSZ invested in ETSH 1,700 thousand USD, ETGZ 700 USD thousand and EVSH 1,250 thousand USD by issuing shares.
 Note 8: Included the capital increasing amounted to USD 1,000 thousand from earning.
 Note 9: The amounts of the transaction and the ending balance had been eliminated in the consolidated financial statements.

(ii) Limitation on investment in mainland China:

Accumulated Investment in mainland China as of September 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
807,625 (USD 25,437)	734,886 (USD 23,146)	5,197,501

As of September 30, 2022, the difference between accumulated investment in mainland China and investment amounts authorized by Investment Commission, MOEA was amounted to USD (2,291) thousand, including the follows:

- (i) ETSH: capital increasing amounted to USD 1,000 thousand from earning.
 (ii) EVSG: investment amounted to USD 2,425 thousand by owned funds.
 (iii) EVSG: remittance of earnings amounted to USD (5,716) thousand.

(iii) Significant transactions:

For the nine months ended September 30, 2022, the information on direct or indirect significant transactions with investees in mainland China, which had been eliminated in the consolidated financial statements, is disclosed in note (13)(a) Information on significant transactions.

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(d) Major shareholders :

Reports by Securities Issuers” for the Group for the nine months ended September 30, 2022:

(In Shares)

Shareholding Shareholder's Name	Shares	Percentage
CHEN,DING-CHUAN	58,000,000	10.59%
ETHICAL INVESTMENT CORPORATION	48,000,000	8.76%

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

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

		For the three months ended September 30, 2022							
		Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals	Others	Reconciliation and elimination	Total
Revenue from external customers	\$	903,431	548,215	338,196	373,011	67,212	-	-	2,230,065
Intersegment revenue		-	-	-	-	-	-	-	-
Total revenue	\$	<u>903,431</u>	<u>548,215</u>	<u>338,196</u>	<u>373,011</u>	<u>67,212</u>	-	-	<u>2,230,065</u>
Reportable segment profit (loss)	\$	<u>30,974</u>	<u>32,271</u>	<u>21,568</u>	<u>28,939</u>	<u>(5,488)</u>	<u>8,453</u>	-	<u>116,717</u>
		For the three months ended September 30, 2021							
		Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals	Others	Reconciliation and elimination	Total
Revenue from external customers	\$	977,404	565,582	306,744	284,458	60,989	-	-	2,195,177
Intersegment revenue		-	-	-	-	-	-	-	-
Total revenue	\$	<u>977,404</u>	<u>565,582</u>	<u>306,744</u>	<u>284,458</u>	<u>60,989</u>	-	-	<u>2,195,177</u>
Reportable segment profit (loss)	\$	<u>106,932</u>	<u>46,549</u>	<u>32,952</u>	<u>(6,354)</u>	<u>(37,943)</u>	<u>(3,343)</u>	-	<u>138,793</u>
		For the nine months ended September 30, 2022							
		Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals	Others	Reconciliation and elimination	Total
Revenue from external customers	\$	2,793,215	1,978,096	991,128	1,024,289	179,371	-	-	6,966,099
Intersegment revenue		-	-	-	-	-	-	-	-
Total revenue	\$	<u>2,793,215</u>	<u>1,978,096</u>	<u>991,128</u>	<u>1,024,289</u>	<u>179,371</u>	-	-	<u>6,966,099</u>
Reportable segment profit or loss	\$	<u>181,174</u>	<u>151,008</u>	<u>76,191</u>	<u>33,073</u>	<u>(79,027)</u>	<u>58,895</u>	-	<u>421,314</u>
		For the nine months ended September 30, 2021							
		Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals	Others	Reconciliation and elimination	Total
Revenue from external customers	\$	3,076,689	1,785,734	919,471	848,172	195,409	-	-	6,825,475
Intersegment revenue		-	-	-	-	-	-	-	-
Total revenue	\$	<u>3,076,689</u>	<u>1,785,734</u>	<u>919,471</u>	<u>848,172</u>	<u>195,409</u>	-	-	<u>6,825,475</u>
Reportable segment profit or loss	\$	<u>378,260</u>	<u>184,845</u>	<u>45,876</u>	<u>(41,634)</u>	<u>(102,081)</u>	<u>45,578</u>	-	<u>510,844</u>