

**EVERLIGHT ELECTRONICS CO., LTD. AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2023 and 2022**

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

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Independent Auditors' Review Report

To the Board of Directors of Everlight Electronics Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Everlight Electronics Co., Ltd. and its subsidiaries ("the Group") as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the changes in equity and cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$4,210,324 thousand and \$4,491,125 thousand, constituting 16% of the consolidated total assets; and the total liabilities amounting to \$904,876 thousand and \$1,057,871 thousand, constituting 12% of the consolidated total liabilities as of September 30, 2023 and 2022, respectively; as well as the absolute value of the total comprehensive income (loss) amounting to \$7,889 thousand, \$129,073 thousand, \$(88,878) thousand and \$232,263 thousand, constituting 1%, 25%, 7% and 14% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2023 and 2022, respectively.

Furthermore, as stated in Note 6(h), the other equity accounted investments of the Group in its investee companies of \$246,191 thousand and \$204,040 thousand as of September 30, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$6,968 thousand, \$(5,552) thousand, \$8,240 thousand and \$(7,933) thousand for the three months and nine months ended September 30, 2023 and 2022, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months then ended, as well as its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' report are Yiu-Kwan Au and Yu-Ting Hsin.

KPMG

Taipei, Taiwan (Republic of China)
November 8, 2023

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.

Consolidated Balance Sheets

September 30, 2023, December 31, 2022, and September 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2023		December 31, 2022		September 30, 2022		Liabilities and Equity		September 30, 2023		December 31, 2022		September 30, 2022			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets:								Current liabilities:									
1100	Cash and cash equivalents (note 6(a))	\$	4,687,437	18	4,891,166	19	4,552,804	17	2100	Short-term borrowings (note 6(n))	\$	250,000	1	537,705	2	1,103,739	4
1110	Current financial assets at fair value through profit or loss (note 6(b))		629,137	2	783,323	3	496,429	2	2130	Current contract liabilities (note 6(w))		23,680	-	16,974	-	33,134	-
1170	Notes and accounts receivable, net (note 6(d))		5,398,113	21	4,711,866	18	5,808,898	21	2170	Notes and accounts payable		3,604,159	14	3,020,048	12	3,505,306	13
1180	Accounts receivable due from related parties, net (notes 6(d) and 7)		89,764	-	56,922	-	76,669	-	2180	Accounts payable to related parties (note 7)		146,125	1	180,362	1	197,744	1
1310	Inventories (note 6(f))		1,034,019	4	1,088,402	4	1,398,139	5	2213	Payables on machinery and equipment		181,605	1	279,080	1	416,585	2
1470	Other current assets		341,138	1	277,319	1	446,979	2	2230	Current tax liabilities		711,645	3	682,777	3	667,207	2
1476	Other current financial assets (notes 6(a), 6(e) and 6(m))		4,696,359	18	4,907,113	19	4,739,305	17	2250	Current provisions (note 6(o))		258,073	1	257,225	1	51,620	-
			16,875,967	64	16,716,111	64	17,519,223	64	2280	Current lease liabilities (note 6(r))		41,515	-	36,399	-	35,379	-
									2300	Other current liabilities (notes 6(b) and 6(p))		1,604,011	6	1,629,351	6	1,815,200	7
									2322	Long-term borrowings, current portion (note 6(q))		1,128	-	-	-	-	-
												6,821,941	27	6,639,921	26	7,825,914	29
Non-current assets:									Non-Current liabilities:								
1510	Non-current financial assets at fair value through profit or loss (note 6(b))		37,647	-	29,198	-	36,958	-	2527	Non-current contract liabilities (note 6(w))		2,948	-	1,733	-	115	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))		738,182	3	18,363	-	-	-	2540	Long-term borrowings (note 6(q))		7,492	-	9,372	-	8,772	-
1550	Investments accounted for using the equity method, net (note 6(g))		246,191	1	202,872	1	204,040	1	2570	Deferred tax liabilities		89,613	-	90,842	-	77,435	-
1560	Non-current contract assets (note (w))		150,243	1	56,673	-	73,119	-	2580	Non-current lease liabilities (note 6(r))		301,949	1	310,159	1	300,570	1
1600	Property, plant and equipment (note 6(k))		6,458,037	24	7,073,869	27	7,254,788	26	2640	Non-current provisions for employee benefit		41,451	-	48,573	-	70,016	-
1755	Right-of-use assets (note 6(l))		416,421	2	424,905	2	417,756	2	2600	Other non-current liabilities		306,663	1	282,226	1	287,809	1
1780	Intangible assets		27,746	-	36,842	-	38,646	-				750,116	2	742,905	2	744,717	2
1840	Deferred tax assets		639,967	2	639,043	2	532,882	2		Total liabilities		7,572,057	29	7,382,826	28	8,570,631	31
1900	Other non-current assets		126,429	-	149,184	1	157,914	1	Equity:								
1980	Non-current other financial assets (notes 6(a), 6(d) and 8)		751,122	3	767,118	3	1,145,883	4	Equity attributable to owners of parent (note 6(u)):								
			9,591,985	36	9,398,067	36	9,861,986	36	3110	Ordinary shares		4,433,931	17	4,433,931	17	4,433,931	16
									3200	Capital surplus (note 6(g))		9,090,422	34	9,094,168	35	9,094,168	33
										Retained earnings:							
									3310	Legal reserve		3,061,434	11	2,936,466	11	2,936,466	11
									3320	Special reserve		677,359	3	863,833	3	863,833	3
									3350	Unappropriated retained earnings		1,989,978	8	1,706,543	7	1,739,182	6
												5,728,771	22	5,506,842	21	5,539,481	20
									3400	Other equity interests		(734,875)	(3)	(677,359)	(3)	(623,863)	(2)
												18,518,249	70	18,357,582	70	18,443,717	67
									3610	Non-controlling interests		377,646	1	373,770	2	366,861	2
										Total equity		18,895,895	71	18,731,352	72	18,810,578	69
Total assets		\$	26,467,952	100	26,114,178	100	27,381,209	100	Total liabilities and equity		\$	26,467,952	100	26,114,178	100	27,381,209	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars Except for Earnings Per Share, which is expressed in New Taiwan Dollars)

		For the three months ended September 30				For the nine months ended September 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(w) and 7)	\$ 4,517,190	100	4,777,533	100	13,403,398	100	15,431,460	100
5110	Cost of sales (notes 6(f), 6(s), 7 and 12)	<u>3,220,715</u>	<u>71</u>	<u>3,402,561</u>	<u>71</u>	<u>9,487,820</u>	<u>71</u>	<u>11,054,152</u>	<u>72</u>
5900	Gross profit	<u>1,296,475</u>	<u>29</u>	<u>1,374,972</u>	<u>29</u>	<u>3,915,578</u>	<u>29</u>	<u>4,377,308</u>	<u>28</u>
Operating expenses (notes 6(s), 7 and 12):									
6100	Selling expenses	246,170	6	351,439	7	725,731	5	1,009,127	7
6200	Administrative expenses	421,408	9	446,323	9	1,254,598	10	1,405,082	9
6300	Research and development expenses	194,749	4	170,024	4	578,448	4	531,426	3
6450	Expected credit loss (reversal gain) (note 6(d))	<u>(17,758)</u>	<u>-</u>	<u>53,227</u>	<u>1</u>	<u>(20,030)</u>	<u>-</u>	<u>173,502</u>	<u>1</u>
		<u>844,569</u>	<u>19</u>	<u>1,021,013</u>	<u>21</u>	<u>2,538,747</u>	<u>19</u>	<u>3,119,137</u>	<u>20</u>
6900	Net operating income	<u>451,906</u>	<u>10</u>	<u>353,959</u>	<u>8</u>	<u>1,376,831</u>	<u>10</u>	<u>1,258,171</u>	<u>8</u>
Non-operating income and expenses:									
7100	Interest income (note 6(y))	46,497	1	28,515	1	131,146	1	82,886	-
7190	Other income (note 6(r))	18,944	-	25,019	-	92,035	1	122,903	1
7210	Net gain (losses) on disposals of property, plant and equipment	(454)	-	4,986	-	37,484	-	4,308	-
7225	Losses on disposals of investments, net (note 6(j))	-	-	-	-	-	-	(16,861)	-
7235	Losses on financial assets (liabilities) at fair value through profit or loss, net	(40,251)	(1)	(81,713)	(2)	(70,318)	(1)	(115,948)	(1)
7050	Finance costs (notes 6(r) and 6(y))	(2,236)	-	(13,598)	-	(8,945)	-	(39,831)	-
7590	Other expenses and losses	(5,477)	-	(6,682)	-	(11,418)	-	(9,935)	-
7630	Foreign exchange gains, net (note 6(z))	140,816	3	243,374	5	263,810	2	442,982	3
7770	Share of profit (loss) of associates and joint ventures accounted for using the equity method (note 6(g))	<u>4,710</u>	<u>-</u>	<u>(5,552)</u>	<u>-</u>	<u>8,994</u>	<u>-</u>	<u>(7,933)</u>	<u>-</u>
		<u>162,549</u>	<u>3</u>	<u>194,349</u>	<u>4</u>	<u>442,788</u>	<u>3</u>	<u>462,571</u>	<u>3</u>
7900	Profit before tax	614,455	13	548,308	12	1,819,619	13	1,720,742	11
7950	Less: Income tax expenses (note 6(t))	<u>200,513</u>	<u>4</u>	<u>94,237</u>	<u>2</u>	<u>459,761</u>	<u>3</u>	<u>360,449</u>	<u>2</u>
	Profit	<u>413,942</u>	<u>9</u>	<u>454,071</u>	<u>10</u>	<u>1,359,858</u>	<u>10</u>	<u>1,360,293</u>	<u>9</u>
8300	Other comprehensive income:								
8360	Items that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	211,603	5	52,815	1	(50,988)	-	246,878	1
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income (note 6(z))	(2,015)	-	-	-	(2,015)	-	-	-
8399	Less: income tax related to items that will be reclassified to profit or loss (note 6(t))	<u>(2,052)</u>	<u>-</u>	<u>(3,573)</u>	<u>-</u>	<u>1,366</u>	<u>-</u>	<u>760</u>	<u>-</u>
		<u>211,640</u>	<u>5</u>	<u>56,388</u>	<u>1</u>	<u>(54,369)</u>	<u>-</u>	<u>246,118</u>	<u>1</u>
8300	Other comprehensive income	<u>211,640</u>	<u>5</u>	<u>56,388</u>	<u>1</u>	<u>(54,369)</u>	<u>-</u>	<u>246,118</u>	<u>1</u>
	Total comprehensive income	<u>\$ 625,582</u>	<u>14</u>	<u>510,459</u>	<u>11</u>	<u>1,305,489</u>	<u>10</u>	<u>1,606,411</u>	<u>10</u>
	Profit, attributable to:								
8610	Owners of parent	\$ 404,885	9	424,238	9	1,330,412	10	1,282,317	8
8620	Non-controlling interests	<u>9,057</u>	<u>-</u>	<u>29,833</u>	<u>1</u>	<u>29,446</u>	<u>-</u>	<u>77,976</u>	<u>1</u>
		<u>\$ 413,942</u>	<u>9</u>	<u>454,071</u>	<u>10</u>	<u>1,359,858</u>	<u>10</u>	<u>1,360,293</u>	<u>9</u>
	Total comprehensive income attributable to:								
8710	Owners of parent	\$ 606,295	13	477,856	10	1,272,896	10	1,522,286	10
8720	Non-controlling interests	<u>19,287</u>	<u>1</u>	<u>32,603</u>	<u>1</u>	<u>32,593</u>	<u>-</u>	<u>84,125</u>	<u>-</u>
		<u>\$ 625,582</u>	<u>14</u>	<u>510,459</u>	<u>11</u>	<u>1,305,489</u>	<u>10</u>	<u>1,606,411</u>	<u>10</u>
	Earnings per share (note 6(v))								
9750	Basic earnings per share	<u>\$ 0.91</u>		<u>0.96</u>		<u>3.00</u>		<u>2.89</u>	
9850	Diluted earnings per share	<u>\$ 0.91</u>		<u>0.95</u>		<u>2.97</u>		<u>2.86</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
						Other equity interest					
			Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings						
Balance at January 1, 2022	\$ 4,433,931	9,103,595	2,742,830	821,051	2,245,159	(863,832)	-	(863,832)	18,482,734	326,010	18,808,744
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	193,636	-	(193,636)	-	-	-	-	-	-
Special reserve	-	-	-	42,782	(42,782)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,551,876)	-	-	-	(1,551,876)	-	(1,551,876)
	-	-	193,636	42,782	(1,788,294)	-	-	-	(1,551,876)	-	(1,551,876)
Profit for the period	-	-	-	-	1,282,317	-	-	-	1,282,317	77,976	1,360,293
Other comprehensive income for the period	-	-	-	-	-	239,969	-	239,969	239,969	6,149	246,118
Total comprehensive income for the period	-	-	-	-	1,282,317	239,969	-	239,969	1,522,286	84,125	1,606,411
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(9,622)	-	-	-	-	-	-	(9,622)	-	(9,622)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(43,274)	(43,274)
Others	-	195	-	-	-	-	-	-	195	-	195
Balance at September 30, 2022	\$ 4,433,931	9,094,168	2,936,466	863,833	1,739,182	(623,863)	-	(623,863)	18,443,717	366,861	18,810,578
Balance at January 1, 2023	\$ 4,433,931	9,094,168	2,936,466	863,833	1,706,543	(664,490)	(12,869)	(677,359)	18,357,582	373,770	18,731,352
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	124,968	-	(124,968)	-	-	-	-	-	-
Special reserve	-	-	-	(186,474)	186,474	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,108,483)	-	-	-	(1,108,483)	-	(1,108,483)
	-	-	124,968	(186,474)	(1,046,977)	-	-	-	(1,108,483)	-	(1,108,483)
Profit for the period	-	-	-	-	1,330,412	-	-	-	1,330,412	29,446	1,359,858
Other comprehensive income for the period	-	-	-	-	-	(55,501)	(2,015)	(57,516)	(57,516)	3,147	(54,369)
Total comprehensive income for the period	-	-	-	-	1,330,412	(55,501)	(2,015)	(57,516)	1,272,896	32,593	1,305,489
Changes in equity of associates and joint ventures accounted for using the equity method	-	(3,949)	-	-	-	-	-	-	(3,949)	-	(3,949)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(28,717)	(28,717)
Others	-	203	-	-	-	-	-	-	203	-	203
Balance at September 30, 2023	\$ 4,433,931	9,090,422	3,061,434	677,359	1,989,978	(719,991)	(14,884)	(734,875)	18,518,249	377,646	18,895,895

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

	For the nine months ended September 30	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,819,619	1,720,742
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization expense	874,380	1,113,111
Expected credit loss (reversal gain)	(20,030)	173,502
Net loss (gain) on financial assets or liabilities at fair value through loss	33,391	51,264
Interest expense	8,945	39,831
Interest income	(131,146)	(82,886)
Share of (profit) loss of associates and joint ventures accounted for using the equity method	(8,994)	7,933
Net gain on disposal of property, plant and equipment	(37,484)	(4,308)
Loss on disposal of investments	-	16,861
Others	(1)	664
Total adjustments to reconcile profit (loss)	<u>719,061</u>	<u>1,315,972</u>
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss, mandatorily measured at fair value	116,675	729,184
Increase in contract assets	(93,570)	(33,928)
(Increase) decrease in notes and accounts receivable (including related parties)	(713,630)	968,941
Decrease in inventories	54,383	288,426
(Increase) decrease in other current assets	(5,485)	120,037
Increase (decrease) in notes and accounts payable (including related parties)	549,874	(1,387,630)
Decrease in provisions	(10,284)	(91,363)
Decrease in other current liabilities	(29,537)	(211,025)
Decrease in net defined benefit liabilities	(7,122)	(19,734)
Increase (decrease) in current contract liabilities	7,921	(35,048)
Others	<u>9,660</u>	<u>(4,705)</u>
Total changes in operating assets and liabilities	<u>(121,115)</u>	<u>323,155</u>
Cash inflow generated from operations	2,417,565	3,359,869
Interest received	113,004	91,599
Interest paid	(9,077)	(39,700)
Income taxes paid	<u>(430,965)</u>	<u>(237,891)</u>
Net cash flows from operating activities	<u>2,090,527</u>	<u>3,173,877</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(717,127)	-
Acquisition of investments accounted for using the equity method	(39,028)	(120,300)
Acquisition of property, plant and equipment	(339,404)	(874,821)
Proceeds from disposal of property, plant and equipment	8,339	93,532
Decrease in refundable deposits	12,512	12,126
Acquisition of intangible assets	(28,110)	(26,402)
Decrease in other financial assets	233,540	597,475
Decrease in restricted deposits	25,923	45,036
Others	<u>7,277</u>	<u>39,232</u>
Net cash flows used in investing activities	<u>(836,078)</u>	<u>(234,122)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(287,705)	(1,386,221)
Repayments of long-term borrowings	-	(96,237)
Increase in guarantee deposits received	30,519	71,347
Payment of lease liabilities	(33,138)	(36,077)
Cash dividends paid	(1,108,483)	(1,551,876)
Change in non-controlling interests	(28,717)	(43,274)
Other financing activities	<u>203</u>	<u>195</u>
Net cash flows used in financing activities	<u>(1,427,321)</u>	<u>(3,042,143)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(30,857)</u>	<u>141,041</u>
Net (decrease) increase in cash and cash equivalents	<u>(203,729)</u>	<u>38,653</u>
Cash and cash equivalents at beginning of period	<u>4,891,166</u>	<u>4,514,151</u>
Cash and cash equivalents at end of period	<u><u>\$ 4,687,437</u></u>	<u><u>4,552,804</u></u>

See accompanying notes to consolidated financial statements.

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

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

(1) Company history

Everlight Electronics Co., Ltd. (the "Company") was incorporated in May 1983 as a company limited by shares under the Company Act of the Republic of China (ROC). The major business activities of the Company are the manufacture and sale of LEDs. The Company's common shares were listed on the Taiwan Stock Exchange (TWSE) in November 1999.

The consolidated financial statements are comprised of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). Please refer to note 4(b) for related information of the Group entities main business activities.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on November 8, 2023.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

(Continued)

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

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

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

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

(4) Summary of material accounting policies

(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 the FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

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

(b) Basis of consolidation

Principles of preparation of the consolidated financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2022.

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

List of subsidiaries in the consolidated financial statements:

Investor	Name of subsidiary	Nature of business	Percentage of ownership			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	Pai-ye Investment Co., Ltd. (Pai-ye)	Investment	100 %	100 %	100 %	
The Company and Pai-ye	Everlight (BVI) Co., Ltd. (Everlight BVI)	Investment	100 %	100 %	100 %	
The Company	Everlight Electronics (Europe) GmbH (Everlight Europe)	Sale of LEDs	75 %	75 %	75 %	Note 3 and Note 4
The Company	Everlight Americas, Inc. (ELA)	Sale of LEDs	99 %	99 %	99 %	Note 4
The Company	Everlight Optoelectronics Korea Co., Ltd. (ELK)	Sale of LEDs	100 %	100 %	100 %	Note 3 and Note 4
The Company	Forever Investment Co., Ltd. (Forever)	Investment	100 %	100 %	100 %	Note 3 and Note 4
The Company	Everlight Intelligence Technology Co., Ltd. (ELIT)	Sale of LED lighting products	100 %	100 %	100 %	Note 3 and Note 4
The Company	WOFI Leuchten GmbH (WOFI Holding)	Sale of lighting products, pendants and accessories	100 %	100 %	100 %	Note 2 and Note 4
The Company and Pai-ye	Everlight Electronic India Private Limited (ELI)	Sale of LEDs	100 %	100 %	100 %	Note 3 and Note 4
The Company	Evlite Electronics Co., Ltd. (Evlite)	Sale of LEDs	100 %	100 %	100 %	Note 3 and Note 4
The Company	Everlight Electronics Singapore Pte. Ltd. (ELS)	Sale of LEDs	100 %	100 %	100 %	Note 3 and Note 4
The Company	Everlight Japan Corporation (ELJ)	Sale of LEDs	100 %	100 %	100 %	Note 3 and Note 4
The Company Pai-ye and Forever	Evervision Electronics Co., Ltd. (Evervision TW)	Manufacture and sales of liquid crystal displays and LED processing	66.75 %	66.75 %	66.75 %	Note 3 and Note 4
Pai-ye	Everlight Optoelectronics (M) SDN. BHD. (Everlight Malaysia)	Business development and customer services	100 %	100 %	100 %	Note 3 and Note 4
ELIT	Everlight Intelligence Technology KZ LLP (ELIT KZ)	Sale of LED lighting products	100 %	100 %	100 %	Note 3 and Note 4
Everlight BVI	Everlight Electronics (China) Co., Ltd. (Everlight China)	Manufacture of LEDs	100 %	100 %	100 %	
Everlight BVI and Everlight China	Everlight Lighting (China) Co., Ltd. (Everlight Lighting China)	Sale of LEDs	100 %	100 %	100 %	Note 3
Everlight BVI and Everlight China	Everlight Electronic (Guangzhou) Co., Ltd. (Everlight Electronic (Guangzhou))	Business development and customer services	100 %	100 %	100 %	Note 3 and Note 4
Everlight BVI	Everlight Electronics (Zhongshan) Co., Ltd. (Everlight Zhongshan)	Manufacture of LED- related components	100 %	100 %	100 %	Note 4
Everlight Lighting China	Zhongshan Everlight Lighting Co., Ltd. (Zhongshan Everlight Lighting)	Research and sale of LED lighting products	100 %	100 %	100 %	Note 3 and Note 4

(Continued)

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Name of subsidiary	Nature of business	Percentage of ownership			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
WOFI Holding	WOFI Leuchten Wortmann & Filz GmbH (WOFI W&F GmbH)	Sale of lighting products, pendants and accessories	100 %	100 %	100 %	Note 1 and Note 4
WOFI Holding	Euro Technics Trade GmbH (ETT)	Sale of lighting products, pendants and accessories	100 %	100 %	100 %	Note 4 and Note 5
WOFI Holding	WOFI Technics Trade Limited (WTT)	Sale of lighting products, pendants and accessories	100 %	100 %	100 %	Note 2 and Note 4
WOFI Holding	Action GmbH (Action)	Sale of lighting products, pendants and accessories	100 %	100 %	100 %	Note 4 and Note 5
WOFI Holding	WOFI Verkaufsgesellschaft mbH (WOFI VG)	Sale of lighting products, pendants and accessories	100 %	100 %	100 %	Note 4 and Note 5
WOFI Holding	Lamp For Less GmbH (LFL)	Sale of lighting products, pendants and accessories	100 %	100 %	100 %	Note 4 and Note 5
Evervision TW	Evervision Electronics (B.V.I.) Limited (Evervision BVI)	Investment	100 %	100 %	100 %	Note 3 and Note 4
Evervision TW	VBest GmbH (VBest)	Sale of LCDs	75 %	75 %	75 %	Note 3 and Note 4
Evervision BVI	VBest Electronics (Kunshan) Ltd. (VBest Kunshan)	Manufacture of LCDs	100 %	100 %	100 %	Note 3 and Note 4
Evervision BVI	Evervision Electronics (H.K.) Limited (Evervision HK)	Sale of LCDs	100 %	100 %	100 %	Note 3 and Note 4

Note 1: The proceeding of the Company's bankruptcy that was formally adjudged by the court in Germany in April 2023 was still in progress.

Note 2: The Company resolved to liquidate in August 2022.

Note 3: Non-significant subsidiary, its financial statements for the nine months ended September 30, 2022 have not been reviewed.

Note 4: Non-significant subsidiary, its financial statements for the nine months ended September 30, 2023 have not been reviewed.

Note 5: The proceeding of the Company's bankruptcy that was formally adjudged by the court in Germany in May 2023 was still in progress.

(c) **Employee benefits**

The pension cost under defined benefit plans in the interim period was calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, the significant market fluctuation, significant curtailment, settlement and others, subsequent to the reporting date and was adjusted together with.

(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 measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

(Continued)

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 6 of the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash, checking accounts, and demand deposits	\$ 2,538,883	2,620,334	2,371,885
Time deposits	2,148,554	2,070,832	2,118,881
Bills and bonds purchased under resale agreements	-	200,000	62,038
	<u><u>\$ 4,687,437</u></u>	<u><u>4,891,166</u></u>	<u><u>4,552,804</u></u>

- (i) The time deposits with maturities within three months or less from the acquisition date that are readily convertible to a known amount of cash are subject to an insignificant risk of changes in their fair value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Therefore, the time deposits are classified as cash and cash equivalents. The time deposits with maturities over three months from the acquisition date are recorded as other current financial assets amounting to \$3,933,116, \$4,166,562 and \$4,013,497 as of September 30, 2023, December 31 and September 30, 2022, respectively. The non-current portion of the time deposits with maturities over three months from the acquisition date as recorded as other non-current financial assets amounting to \$0, \$0 and \$267,840 as of September 30, 2023, December 31 and September 30, 2022, respectively.
- (ii) Please refer to note 6(z) for the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(Continued)

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging	\$ 3,201	28,557	5,934
Listed convertible bonds	-	30,790	31,960
Structured deposits and financial products	332,302	581,035	313,657
Beneficiary certificate-funds	203,096	84,922	84,717
Stocks listed on domestic markets	90,538	58,019	60,161
Unlisted stocks	37,647	29,198	36,958
	<u>\$ 666,784</u>	<u>812,521</u>	<u>533,387</u>
Current	\$ 629,137	783,323	496,429
Non-current	37,647	29,198	36,958
	<u>\$ 666,784</u>	<u>812,521</u>	<u>533,387</u>
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current financial liabilities held-for-trading (recorded as other current liabilities):			
Derivative instruments not used for hedging	\$ 12,541	8,212	64,997
	<u>\$ 12,541</u>	<u>8,212</u>	<u>64,997</u>

- (i) Listed convertible bonds are hybrid instruments. Even though it is required to record the host contract and embedded derivative separately, they are recognized as financial assets designated as at fair value through profit or loss because those investments cannot be reliably measured at fair value as of the acquisition date.
- (ii) Capital guarantee financial products (Structured deposits) held by the Group, which were recognized as financial assets mandatorily measured at fair value through profit or loss, because the interest was not based on the time value on principal amount outstanding.
- (iii) The Group had sold its shares of Ginko International Co., Ltd. at a fair value of \$609,965 in active market in May 2022. The accumulated realized gain on financial assets at fair value through profit or loss was \$24,814.
- (iv) The Group uses derivative financial instruments to hedge certain foreign exchange and interest risks the Group is exposed to, arising from its operating and financing activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

(Continued)

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Forward exchange contracts

September 30, 2023				
	Contract amount (in thousands)		Currency	Maturity date
Financial assets:				
Forward exchange sold	USD	2,000	USD to TWD	2023.12.14~2023.12.19
Forward exchange sold	EUR	2,000	EUR to USD	2023.10.5~2023.11.16
Forward exchange sold	USD	1,000	USD to RMB	2023.12.12
Financial liabilities:				
Forward exchange sold	USD	22,000	USD to TWD	2023.10.12~2023.12.07
Forward exchange sold	USD	14,000	USD to RMB	2023.10.12~2023.11.30
December 31, 2022				
	Contract amount (in thousands)		Currency	Maturity date
Financial assets:				
Forward exchange sold	USD	30,000	USD to TWD	2023.01.10~2023.05.09
Forward exchange sold	USD	12,000	USD to RMB	2023.01.10~2023.03.14
Forward exchange sold	EUR	500	EUR to USD	2023.04.11~2023.04.20
Financial liabilities:				
Forward exchange sold	USD	18,000	USD to TWD	2023.03.16~2023.04.25
Forward exchange sold	USD	1,000	USD to RMB	2023.02.14
Forward exchange sold	EUR	5,000	EUR to USD	2023.01.10~2023.04.18
September 30, 2022				
	Contract amount (in thousands)		Currency	Maturity date
Financial assets:				
Forward exchange sold	USD	3,000	USD to TWD	2022.12.27~2023.01.19
Forward exchange sold	USD	4,000	USD to RMB	2022.12.15~2023.01.10
Forward exchange sold	EUR	3,500	EUR to USD	2022.10.13~2023.01.10
Financial liabilities:				
Forward exchange sold	USD	39,000	USD to TWD	2022.10.06~2023.01.17
Forward exchange sold	USD	13,000	USD to RMB	2022.10.13~2023.12.13
Forward exchange sold	EUR	1,000	EUR to USD	2022.11.22~2023.01.19

(Continued)

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Other derivative financial instrument contracts

September 30, 2023			
Contract amount (in thousands)		Rate	Maturity period
Financial assets:			
RMB	75,000	1.20%~3.04%	2023.10.10~2023.11.23
December 31, 2022			
Contract amount (in thousands)		Rate	Maturity period
Financial assets:			
RMB	130,000	2.90%~3.64%	2023.02.02~2023.05.22
September 30, 2022			
Contract amount (in thousands)		Rate	Maturity period
Financial assets:			
RMB	70,000	3.00%~3.60%	2022.10.08~112.12.29

(v) As of September 30, 2023, December 31 and September 30, 2022, the Group did not provide any aforementioned financial assets as collateral for its loans.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Debt investments at fair value through other comprehensive income:			
Domestic and foreign corporate bonds	\$ 719,819	-	-
Subtotal	719,819	-	-
Equity investments at fair value through other comprehensive income:			
Stock unlisted in foreign markets	18,363	18,363	-
Subtotal	18,363	18,363	-
Total	<u>\$ 738,182</u>	<u>18,363</u>	<u>-</u>

(i) Debt investments measured at fair value through other comprehensive income

The Group has assessed that the securities are held within a business model whose objective is achieved by both collecting the contractual cash flows and selling financial assets; therefore, they have been classified as financial assets at fair value through other comprehensive income.

(Continued)

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities are held by the Group for long-term strategic investments and are not held for trading purposes.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments during the nine months ended September 30, 2023.

For credit risk (including the impairment of debt instrument investments) and market risk, please refer to note 6(z).

(d) Notes and accounts receivable (including related parties)

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable from operating activities	\$ 5,664	2,460	7,753
Accounts receivable-measured as amortized cost	<u>6,430,956</u>	<u>5,753,810</u>	<u>6,867,181</u>
	6,436,620	5,756,270	6,874,934
Less: Allowance for uncollectible accounts	<u>(390,228)</u>	<u>(443,538)</u>	<u>(346,474)</u>
	<u>\$ 6,046,392</u>	<u>5,312,732</u>	<u>6,528,460</u>
Notes and accounts receivable, net	\$ 5,398,113	4,711,866	5,808,898
Accounts receivable due from related parties, net	89,764	56,922	76,669
Long-term receivables (recorded as other non-current financial assets)	<u>558,515</u>	<u>543,944</u>	<u>642,893</u>
	<u>\$ 6,046,392</u>	<u>5,312,732</u>	<u>6,528,460</u>

(i) Impairment loss on notes and accounts receivables

The Group applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including the reasonable prediction of historical credit loss experience and the future economic situation.

(Continued)

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The expected credit loss for notes and accounts receivable in Taiwan region was determined as follows:

	September 30, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Not overdue	\$ 4,609,850	0.221%	10,192
Overdue 0-90 days	20,120	22.674%	4,562
Overdue 91-180 days	13,013	65.965%	8,584
Overdue 181-270 days	7,009	83.236%	5,834
Overdue 271-365 days	9,171	98.681%	9,050
Overdue over one year	266,001	100%	266,001
	\$ 4,925,164		304,223
	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Not overdue	\$ 4,264,127	0.976%	41,605
Overdue 0-90 days	34,819	40.317%	14,038
Overdue 91-180 days	32,662	69.570%	22,723
Overdue 181-270 days	4,270	99.344%	4,242
Overdue 271-365 days	44,859	100%	44,859
Overdue over one year	231,334	100%	231,334
	\$ 4,612,071		358,801
	September 30, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Not overdue	\$ 5,109,727	0.611%	31,198
Overdue 0-90 days	59,101	22.421%	13,251
Overdue 91-180 days	7,311	63.822%	4,666
Overdue 181-270 days	47,972	60.016%	28,791
Overdue 271-365 days	69,317	98.684%	68,405
Overdue over one year	177,185	100%	177,185
	\$ 5,470,613		323,496

(Continued)

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The expected credit loss for notes and accounts receivable in non-Taiwan region was determined as follows:

September 30, 2023			
Credit rating	Gross carrying amount	Weighted- average loss rate	Loss allowance
Rating A	\$ 1,426,752	0.131%	1,870
Rating B	84,704	99.328%	84,135
	<u>\$ 1,511,456</u>		<u>86,005</u>
	Gross carrying amount		
Not overdue	\$ 1,385,230		
Overdue 0-90 days	31,600		
Overdue 91-180 days	9,922		
Overdue 271-365 days	571		
Overdue over one year	84,133		
	<u>\$ 1,511,456</u>		
December 31, 2022			
Credit rating	Gross carrying amount	Weighted- average loss rate	Loss allowance
Rating A	\$ 1,061,824	0.319%	3,391
Rating B	82,375	98.751%	81,346
	<u>\$ 1,144,199</u>		<u>84,737</u>
	Gross carrying amount		
Not overdue	\$ 1,020,258		
Overdue 0-90 days	39,582		
Overdue 91-180 days	1,837		
Overdue 181-270 days	147		
Overdue 271-365 days	1,030		
Overdue over one year	81,345		
	<u>\$ 1,144,199</u>		

(Continued)

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2022			
Credit rating	Gross carrying amount	Weighted- average loss rate	Loss allowance
Rating A	\$ 1,372,240	0.310%	4,252
Rating B	32,081	58.371%	18,726
	<u>\$ 1,404,321</u>		<u>22,978</u>
	Gross carrying amount		
Not overdue	\$ 1,298,008		
Overdue 0-90 days	57,170		
Overdue 91-180 days	7,053		
Overdue 181-270 days	10,009		
Overdue 271-365 days	2,276		
Overdue over one year	29,805		
	<u>\$ 1,404,321</u>		

- (ii) The movements in the allowance for impairment loss with respect to notes and accounts receivable were as follows:

	For the nine months ended September 30,	
	2023	2022
Balance on January 1	\$ 443,538	173,403
Impairment loss (reversed) recognized	(20,030)	173,502
Amounts written off	(36,154)	(482)
Effects of foreign exchange	2,874	51
Balance on September 30	<u>\$ 390,228</u>	<u>346,474</u>

- (iii) As of September 30, 2023, December 31 and September 30, 2022, the Group did not provide any notes and accounts receivable as collateral for its loans.

(Continued)

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Other receivables (recorded as other current financial assets)

	September 30, 2023	December 31, 2022	September 30, 2022
Other accounts receivable	\$ 141,656	123,608	143,554
Less: Loss allowance	<u>(64,535)</u>	<u>(64,535)</u>	<u>(68,364)</u>
	<u>\$ 77,121</u>	<u>59,073</u>	<u>75,190</u>

The following table presents whether other receivables held by the Group measured at an amount equal to lifetime ECL and the impairment losses were recoded, and whether they were credit-impaired:

	September 30, 2023	
	Lifetime ECL- not credit- impaired	Lifetime ECL- credit-impaired
Not overdue	\$ 77,121	-
Overdue	<u>-</u>	<u>64,535</u>
Gross carrying amount	77,121	64,535
Impairment losses	<u>-</u>	<u>(64,535)</u>
Carrying amount	<u>\$ 77,121</u>	<u>-</u>
	December 31, 2022	
	Lifetime ECL- not credit- impaired	Lifetime ECL- credit-impaired
Not overdue	\$ 59,073	64,535
Overdue	<u>-</u>	<u>-</u>
Gross carrying amount	59,073	64,535
Impairment losses	<u>-</u>	<u>(64,535)</u>
Carrying amount	<u>\$ 59,073</u>	<u>-</u>
	September 30, 2022	
	Lifetime ECL- not credit- impaired	Lifetime ECL- credit-impaired
Not overdue	\$ 75,190	68,364
Overdue	<u>-</u>	<u>-</u>
Gross carrying amount	75,190	68,364
Impairment losses	<u>-</u>	<u>(68,364)</u>
Carrying amount	<u>\$ 75,190</u>	<u>-</u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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The movements in the allowance for impairment loss with respect to other receivable for the nine months ended September 30, 2023 and 2022 were as follows:

	For the nine months ended September 30,	
	2023	2022
Balance of January 1	\$ 64,535	35,762
Write-off provisions	-	32,602
Balance of September 30	<u><u>\$ 64,535</u></u>	<u><u>68,364</u></u>

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

(f) Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 223,187	195,136	253,958
Work in progress	300,271	291,651	316,733
Finished goods	<u>510,561</u>	<u>601,615</u>	<u>827,448</u>
	<u><u>\$ 1,034,019</u></u>	<u><u>1,088,402</u></u>	<u><u>1,398,139</u></u>

The inventory cost (excluding construction cost) recognized as cost of sales amounted to \$3,236,818, \$3,281,699, \$9,456,082 and \$10,831,615 for the three months and nine months ended September 30, 2023 and 2022, respectively.

The write-down of the inventories to net realizable value amounted to , \$40,761 and \$71,330 which were recorded as cost of sales for the three months ended September 2022, and the nine months ended September 30, 2022, respectively. The Group reversed its allowance for inventory valuation and obsolescence loss amounting to \$47,062 and \$49,881 for the three months ended September 30, 2023, and the nine months ended September 30, 2023, respectively, and recorded them as a reduction of cost of sales, because the net realizable value was no longer lower than the cost after the disposal of obsolete inventories.

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

(g) Investments accounted for using the equity method

- (i) A summary of the Group's financial information for equity-accounted investees at the reporting date was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Associates	<u><u>\$ 246,191</u></u>	<u><u>202,872</u></u>	<u><u>204,040</u></u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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- (ii) The Group's financial information on investments accounted for using the equity method that are individually insignificant was as follows:

	September 30, 2023		December 31, 2022		September 30, 2022			
The carrying amount of equity of the associates	\$	246,191		202,872		204,040		
	For the three months ended September 30,		For the nine months ended September 30,					
	2023		2022		2023		2022	
Attributable to the Group:								
Profit (loss) from continuing operations	\$	4,710	(5,552)		8,994		(7,933)	
Other comprehensive income		2,258	-		(754)		-	
	\$	6,968	(5,552)		8,240		(7,933)	

- (iii) Except as described below, there were no significant changes in the investments accounted for using the equity method of the Group for the nine months ended September 30, 2023 and 2022. The related information, please refer to note 6(f) of the 2022 annual consolidated financial statements.
- (iv) In January 2023, the Group had acquired 5.81% ownership of Tekcore Co., Ltd., at the amount of \$39,028 by cash, from third parties, wherein the difference between the acquisition price and the net identifiable assets increases the capital surplus by \$3,949, resulting in the Group's percentage of ownership in Tekcore to increase from 14.69% to 20.5%, with its long-term investment therein being accounted for using the equity method. Though the Group is the single largest shareholder of the associate, the remaining shares are not concentrated within specific shareholders based on the comprehensive assessment; thus, the Group cannot obtain more than half of the total number of director seats, as well as the voting rights during the shareholders' meeting, resulting in the Group to lose absolute control and leading ability of the associates's relevant activities and variable return; hence, failure to have control over it.
- (v) The Group had acquired 20% ownership of Anhui Hongming Technology Co., Ltd. (Anhui Hongming) through participation in cash injection with \$90,300 in January 2022. Therefore, the Group is able to exercise significant influence over Anhui Hongming's operations and financial policies, thus, the long-term investment in Anhui Hongming was accounted for using the equity method.
- (vi) The Group had acquired 43.48% ownership of LeadTech Electronics Inc. (LeadTech) through participation in cash injection with \$30,000 in September 2022. Therefore, the Group is able to exercise significant influence over LeadTech, resulting in its long-term investment in LeadTech to be accounted for using the equity method. Though the Group is the single largest shareholder of the associate, the remaining shares are not concentrated within specific shareholders based on the comprehensive assessment, and the Group cannot obtain more than half of the total number of director seats, as well as the the voting rights during the shareholders' meeting. It is determined that the Group does not have absolute control and leading ability of the associate's relevant activities and variable return.

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Pledges

As of September 30, 2023, December 31 and September 30, 2022, the Group did not provide any investment accounted for using the equity method as collaterals for its loans.

(viii) The unreviewed financial statements of investments accounted for using equity method

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

(h) Joint operation

There were no significant changes in joint operation of the Group for the nine months ended September 30, 2023 and 2022. For related information please refer to note 6(g) of the 2022 annual consolidated financial statements.

(i) Changes in a parent's ownership interest in a subsidiary

There were no significant changes in acquisition of subsidiaries for the nine months ended September 30, 2023 and 2022. For related information, please refer to note 6(h) of the 2022 annual consolidated financial statements.

(j) Loss control of subsidiaries

Except as described below, there were no significant changes in loss control of subsidiaries for the nine months ended September 30, 2023 and 2022. For related information, please refer to note 6(i) of the 2022 annual consolidated financial statements.

- (i) Everlight Electronics (Fujian) Co., Ltd. (Everlight Fujian) completed its liquidation process in May 2022, with a liquidating dividend of \$691,325 and a reversal of capital surplus of \$9,622 based on the change in shareholding. Everlight Fujian was no longer included in the consolidated financial statements from the date of liquidation completion.

The Group derecognized the assets, liabilities and the related equity components of Everlight Fujian and recognized a loss on disposal of \$43,751, which was recorded as net gains (losses) on disposal of investment.

The carrying amounts of assets and liabilities of Everlight Fujian on the date of liquidation completion were as follows:

Other current assets	\$ 707,464
Other current liabilities	<u>1,821</u>
Carrying amount of net assets	<u><u>\$ 705,643</u></u>
Other equity	<u><u>\$ (39,055)</u></u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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- (ii) Everlight Lighting Management Consulting (Shanghai) Co., Ltd. (ELMS) completed its liquidation process in June 2022. ELMS was no longer included in the consolidated financial statements from the date of liquidation completion.

The Group derecognized the assets, liabilities and the related equity components of ELMS and recognized a gain on disposal of \$26,890, which was recorded as net gains (losses) on disposal of investment.

The carrying amounts of assets and liabilities of ELMS on the date of liquidation completion were as follows:

Other current assets	\$	4
Other current liabilities		-
Carrying amount of net assets	\$	<u>4</u>
Other equity	\$	<u><u>26,894</u></u>

- (k) Property, plant and equipment

The movements in the property, plant and equipment of the Group were as follows:

	Land	Buildings and construction	Machinery and equipment	Modeling equipment	Office and other equipment	Constructio ns in progress and testing equip	Total
Cost or deemed cost:							
Balance on January 1, 2023	\$ 641,948	8,501,035	13,661,560	1,805,042	1,278,763	108,966	25,997,314
Add: additions	-	48,479	78,889	63,579	23,811	27,171	241,929
Add: reclassification	-	44,403	43,633	5,041	(49)	(99,722)	(6,694)
Less: sales	-	(70)	(82,480)	(5,499)	(2,080)	-	(90,129)
Less: retirement	-	(10,660)	(68,299)	(18,397)	(14,694)	-	(112,050)
Effect of movements in exchange rate	1,452	(9,000)	(54,993)	(6,566)	(3,820)	(973)	(73,900)
Balance on September 30, 2023	<u>\$ 643,400</u>	<u>8,574,187</u>	<u>13,578,310</u>	<u>1,843,200</u>	<u>1,281,931</u>	<u>35,442</u>	<u>25,956,470</u>
Balance on January 1, 2022	\$ 640,380	8,378,707	13,286,681	1,794,979	1,217,586	73,065	25,391,398
Add: additions	-	33,233	413,134	61,035	45,499	106,639	659,540
Add: reclassification	-	2,088	72,361	113	600	(72,314)	2,848
Less: sales	-	-	(148,095)	(39,932)	(155)	-	(188,182)
Less: retirement	-	(980)	(40,501)	(29,799)	(19,978)	-	(91,258)
Effect of movements in exchange rate	(499)	74,628	165,553	18,826	20,397	1,149	280,054
Balance on September 30, 2022	<u>\$ 639,881</u>	<u>8,487,676</u>	<u>13,749,133</u>	<u>1,805,222</u>	<u>1,263,949</u>	<u>108,539</u>	<u>26,054,400</u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Modeling equipment</u>	<u>Office and other equipment</u>	<u>Constructio ns in progress and testing equip</u>	<u>Total</u>
Depreciation and impairments loss:							
Balance on January 1, 2023	\$ -	4,867,887	11,732,725	1,438,066	884,767	-	18,923,445
Add: depreciation for the year	-	178,273	472,202	104,450	44,198	-	799,123
Less: sales	-	(70)	(59,622)	(1,761)	(2,053)	-	(63,506)
Less: retirement	-	(9,424)	(67,622)	(18,289)	(14,221)	-	(109,556)
Effect of movements in exchange rate	-	(5,524)	(40,455)	(4,675)	(419)	-	(51,073)
Balance on September 30, 2023	<u>\$ -</u>	<u>5,031,142</u>	<u>12,037,228</u>	<u>1,517,791</u>	<u>912,272</u>	<u>-</u>	<u>19,498,433</u>
Balance on January 1, 2022	\$ -	4,506,190	11,037,423	1,380,797	835,487	-	17,759,897
Add: depreciation for the year	-	228,607	629,096	119,140	49,995	-	1,026,838
Less: sales	-	-	(74,045)	(27,239)	(13)	-	(101,297)
Less: retirement	-	(701)	(39,737)	(29,456)	(19,025)	-	(88,919)
Effect of movements in exchange rate	-	54,019	124,044	13,131	11,899	-	203,093
Balance on September 30, 2022	<u>\$ -</u>	<u>4,788,115</u>	<u>11,676,781</u>	<u>1,456,373</u>	<u>878,343</u>	<u>-</u>	<u>18,799,612</u>
Carrying amounts:							
Balance on January 1, 2023	<u>\$ 641,948</u>	<u>3,633,148</u>	<u>1,928,835</u>	<u>366,976</u>	<u>393,996</u>	<u>108,966</u>	<u>7,073,869</u>
Balance on September 30, 2023	<u>\$ 643,400</u>	<u>3,543,045</u>	<u>1,541,082</u>	<u>325,409</u>	<u>369,659</u>	<u>35,442</u>	<u>6,458,037</u>
Balance on January 1, 2022	<u>\$ 640,380</u>	<u>3,872,517</u>	<u>2,249,258</u>	<u>414,182</u>	<u>382,099</u>	<u>73,065</u>	<u>7,631,501</u>
Balance on September 30, 2022	<u>\$ 639,881</u>	<u>3,699,561</u>	<u>2,072,352</u>	<u>348,849</u>	<u>385,606</u>	<u>108,539</u>	<u>7,254,788</u>

As of September 30, 2023, December 31 and September 30, 2022, the aforesaid property, plant and equipment were not pledged as collateral.

(l) Right-of-use assets

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

	<u>Land</u>	<u>Buildings and construction</u>	<u>Office and other equipment</u>	<u>Total</u>
Cost:				
Balance on January 1, 2023	\$ 375,920	114,613	44,916	535,449
Additions	-	23,733	3,833	27,566
Disposal and cancellation	(2,719)	(21,094)	(7,966)	(31,779)
Effect of changes in foreign exchange rates	(597)	3,449	509	3,361
Balance on September 30, 2023	<u>\$ 372,604</u>	<u>120,701</u>	<u>41,292</u>	<u>534,597</u>
Balance on January 1, 2022	\$ 354,116	83,585	45,044	482,745
Additions	19,546	23,536	10,649	53,731
Disposal and cancellation	-	(5,617)	(6,321)	(11,938)
Effect of changes in foreign exchange rates	2,617	4,531	(299)	6,849
Balance on September 30, 2022	<u>\$ 376,279</u>	<u>106,035</u>	<u>49,073</u>	<u>531,387</u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings and construction</u>	<u>Office and other equipment</u>	<u>Total</u>
Accumulated depreciation and impairment losses:				
Balance on January 1, 2023	\$ 44,131	51,004	15,409	110,544
Depreciation for the year	8,225	21,466	8,149	37,840
Disposal and cancellation	(2,619)	(21,094)	(7,965)	(31,678)
Effect of changes in foreign exchange rates	(59)	1,334	195	1,470
Balance on September 30, 2023	<u>\$ 49,678</u>	<u>52,710</u>	<u>15,788</u>	<u>118,176</u>
Balance on January 1, 2022	\$ 32,448	30,599	20,019	83,066
Depreciation for the year	8,605	21,096	10,055	39,756
Disposal and cancellation	-	(5,617)	(5,167)	(10,784)
Effect of changes in foreign exchange rates	246	2,138	(791)	1,593
Balance on September 30, 2022	<u>\$ 41,299</u>	<u>48,216</u>	<u>24,116</u>	<u>113,631</u>
Carrying amount:				
Balance on January 1, 2023	<u>\$ 331,789</u>	<u>63,609</u>	<u>29,507</u>	<u>424,905</u>
Balance on September 30, 2023	<u>\$ 322,926</u>	<u>67,991</u>	<u>25,504</u>	<u>416,421</u>
Balance on January 1, 2022	<u>\$ 321,668</u>	<u>52,986</u>	<u>25,025</u>	<u>399,679</u>
Balance on September 30, 2022	<u>\$ 334,980</u>	<u>57,819</u>	<u>24,957</u>	<u>417,756</u>

(m) Other current financial assets

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Time deposits with maturities over three months	\$ 3,933,116	4,166,562	4,013,497
Restricted time deposits	686,122	681,478	650,618
Other receivables	77,121	59,073	75,190
	<u>\$ 4,696,359</u>	<u>4,907,113</u>	<u>4,739,305</u>

The restricted time deposits are applicable to “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” for the Group. The restricted time deposits accounts are used for the purpose of offshore funds.

(n) Short-term borrowings

The short-term borrowings are summarized as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Unsecured bank loans	<u>\$ 250,000</u>	<u>537,705</u>	<u>1,103,739</u>
Unused short-term credit lines	<u>\$ 18,010,296</u>	<u>19,488,379</u>	<u>14,370,680</u>
Annual interest rates	<u>1.63%~1.90%</u>	<u>0.60%~2.96%</u>	<u>0.60%~2.96%</u>

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- (i) For information on the Group's interest risk, foreign currency risk, and liquidity risk, please refer to note 6(z) for details.
- (ii) The Group did not provide any assets as collateral for its loans.
- (o) Provisions
- (i) The carrying amounts of the provisions of the Group were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Provision - current	\$ 258,073	257,225	51,620
Provision - non-current	-	-	-
	\$ 258,073	257,225	51,620

- (ii) The movements in provisions of the Group for the nine months ended September 30, 2023 and 2022 were as follows:

	Onerous Contracts Provision	Law	Total
Balance on January 1, 2023	\$ 109,932	147,293	257,225
Provision reversed during the year	(4,202)	-	(4,202)
Effect of changes in foreign exchange rates	-	5,050	5,050
Balance on September 30, 2023	\$ 105,730	152,343	258,073
Balance on January 1, 2022	\$ 129,829	-	129,829
Provision made during the year	6,843	-	6,843
Provision reversed during the year	(34,501)	-	(34,501)
Provision paid during the year	(52,849)	-	(52,849)
Effect of changes in foreign exchange rates	2,298	-	2,298
Balance on September 30, 2022	\$ 51,620	-	51,620

- (iii) The provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The mentioned above provisions for the onerous contract, including the amount of provisions estimated by Kazakhstan Joint Operation Project, as of September 30, 2023, December 31 and September 30, 2022, were \$89,777, \$89,777 and \$30,960, respectively.

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(p) Other current liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Refund liabilities – current	\$ 37,439	51,316	53,324
Derivative instruments not used for hedging	12,541	8,212	64,997
Wages and salaries payable	176,628	157,775	218,381
Other payables	788,881	704,469	810,948
Others	<u>588,522</u>	<u>707,579</u>	<u>667,550</u>
	<u>\$ 1,604,011</u>	<u>1,629,351</u>	<u>1,815,200</u>

Refund liabilities mainly represent amounts expected to be paid to customers due to volume discounts under the sales contracts.

(q) Long-term borrowings

The details were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank loans	\$ 8,620	9,372	8,772
Less: current portion	<u>(1,128)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,492</u>	<u>9,372</u>	<u>8,772</u>
Unused long-term credit lines	<u>\$ -</u>	<u>-</u>	<u>-</u>
Range of interest rates	<u>0.00%~0.90%</u>	<u>0.00%~0.90%</u>	<u>0.00%~25.05%</u>

- (i) For information on the Group's interest risk and liquidity risk, please refer to Note 6(z) for details.
- (ii) The Group did not provide any assets as collateral for its loans as of September 30, 2023 and 2022. The Group provided parts of bank deposits (recorded as other non-current financial assets) as a reserve for long-term borrowings on September 30, 2022. Please refer to Note 8 for details.
- (iii) There were no significant issues, repurchases, and repayments of long-term borrowings for the nine months ended September 30, 2023 and 2022. Information on interest expense for the period is discussed in Note 6(y). Please refer to Note 6(p) of the 2022 annual consolidated financial statements for other related information.
- (iv) Considering the financial cost and risk, the Group repaid in advance its long-term bank loans of joint operation projects in the Republic of Kazakhstan amounting to \$75,649 in August 2022.

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(r) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Current	\$ <u>41,515</u>	<u>36,399</u>	<u>35,379</u>
Non-current	\$ <u>301,949</u>	<u>310,159</u>	<u>300,570</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Interest on lease liabilities	\$ <u>1,858</u>	<u>1,520</u>	<u>5,615</u>	<u>4,584</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>1,412</u>	<u>1,169</u>	<u>4,596</u>	<u>3,976</u>
Expenses relating to short-term leases	\$ <u>3,517</u>	<u>5,524</u>	<u>8,031</u>	<u>29,087</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>126</u>	<u>44</u>	<u>397</u>	<u>158</u>
Covid-19-related rent concessions (recognized in other income)	\$ <u>-</u>	<u>435</u>	<u>-</u>	<u>1,305</u>

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

	For the nine months ended September 30,	
	2023	2022
Total cash outflow for leases	\$ <u>51,777</u>	<u>72,577</u>

(i) Real estate leases

For the nine months ended September 30, 2023 and 2022, the Group leases land and buildings for its office space and factory. The leases of land typically run for a period for 3 years to 50 years, of office space for 1 to 5 years, and of factory for 3 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.

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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Some leases of land and equipment contain extension or cancellation options. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Group leases vehicles and other equipment, with lease terms of 2 to 10 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group also leases office, vehicles, and IT equipment with contract terms of 1 to 5 years. These leases are short-term and leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(s) Employee benefits

(i) Defined benefit plans

Given there was no significant volatility of the market or any significant reimbursement, settlement or other one-time event in the prior fiscal year, the pension cost of the Company and Evervision TW in the interim consolidated financial statements shall be measured and disclosed in accordance with the actuarial report measured on December 31, 2022 and 2021.

The pension costs of the defined benefit plans were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Cost of sales and operating expenses \$	<u><u>735</u></u>	<u><u>537</u></u>	<u><u>2,070</u></u>	<u><u>1,649</u></u>

(ii) Defined contribution plans

The Group recognized its pension costs under the defined contribution plans were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Cost of sales and operating expenses \$	<u><u>34,435</u></u>	<u><u>33,544</u></u>	<u><u>99,805</u></u>	<u><u>119,760</u></u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Income taxes

The Group entities are subject to income tax rates, according to the profit before tax of the interim reporting period, multiplied by the best estimated measurement of the expected effective tax rate by the managers over the year.

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Current tax expense	\$ <u>200,513</u>	<u>94,237</u>	<u>459,761</u>	<u>360,449</u>

(ii) The amounts of income tax (profit) recognized in other comprehensive income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Exchange differences on translating foreign operations	\$ <u>(2,052)</u>	<u>(3,573)</u>	<u>1,366</u>	<u>760</u>

(iii) The tax authorities have examined the Company's income tax returns through 2020. The income tax returns of the subsidiaries in the ROC have been assessed by the tax authorities through 2021.

(u) Capital and other equities

Except as described below, there were no significant changes in the capital and other equity for the nine months ended September 30, 2023 and 2022. For related information, please refer to note 6(t) of the 2022 annual consolidated financial statements.

As of September 30, 2023, December 31 and September 30, 2022, the authorized common stocks amounted to \$10,000,000 (of which \$400,000 were reserved for the exercising of employee share options); face value of each share is NTD \$10, which means there were 1,000,000 thousand ordinary shares, in total of which 443,393 thousand shares were issued. All issued shares were paid up upon issuance.

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Capital surplus

The balances of capital surplus of the Company were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Additional paid-in capital	\$ 7,817,145	7,817,145	7,817,145
Difference between consideration and carrying amount of subsidiaries disposed	69,273	69,273	69,273
Changes in equity of associates accounted for using the equity method	10,935	14,884	14,884
Treasury stock resulting from the redemption of convertible bonds	1,071,632	1,071,632	1,071,632
Share-based payment – employee stock options	119,974	119,974	119,974
Others	<u>1,463</u>	<u>1,260</u>	<u>1,260</u>
	<u>\$ 9,090,422</u>	<u>9,094,168</u>	<u>9,094,168</u>

(ii) Retained earnings

In accordance with the Company's articles, net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes, of the remaining balance, 10% is to be appropriated as legal reserve, and the Company should appropriate the same amount as special reserve from retained earnings in accordance with legal authorities and legislations. The remainder, accumulated with the unappropriated earnings of prior years, is distributed as additional dividends to shareholders, which cannot be lower than 50% of the total accumulated unappropriated earnings. The distribution rate is based on the proposal of the Company's board of directors and should be approved in the shareholders' meeting.

Cash dividends cannot be lower than 10% of the total cash and stock dividends. However, stock dividends instead of cash dividends are declared if the cash dividends per share are less than NT\$0.2 (dollars).

1) Earnings distribution

Based on a resolution of the annual shareholder's meeting held on June 16, 2023 and June 17, 2022, the appropriations of dividends from the earnings distribution for 2021 and 2020 were as follows:

	2022		2021	
	Amount per share (dollars)	Total amount	Amount per share (dollars)	Total amount
Dividends distributed to common shareholders:				
Cash	<u>\$ 2.50</u>	<u>1,108,483</u>	<u>3.50</u>	<u>1,551,876</u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The related information of the abovementioned earnings distribution can be accessed from the Market Observation Post System website.

(iii) Other equity (net of tax)

	Foreign exchange differences arising from foreign operation	Unrealized gain (loss) from financial assets at fair value through other comprehensive income	Total
Balance of January 1, 2023	\$ (664,490)	(12,869)	(677,359)
Foreign exchange differences:			
The Group	(55,501)	-	(55,501)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Group	-	(2,015)	(2,015)
Balance on September 30, 2023	<u>\$ (719,991)</u>	<u>(14,884)</u>	<u>(734,875)</u>
Balance of January 1, 2022	\$ (863,832)	-	(863,832)
Foreign exchange differences:			
The Group	227,808	-	227,808
Disposal of other equity in foreign operations reclassified to profit or loss	12,161	-	12,161
Balance on September 30, 2022	<u>\$ (623,863)</u>	<u>-</u>	<u>(623,863)</u>

(v) Earnings per share

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>404,885</u>	<u>424,238</u>	<u>1,330,412</u>	<u>1,282,317</u>
Weighted-average number of outstanding ordinary shares (thousands)	<u>443,393</u>	<u>443,393</u>	<u>443,393</u>	<u>443,393</u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended September 30,		For the nine months ended September 30,		
	2023	2022	2023	2022	
Diluted earnings per share:					
Profit attributable to ordinary shareholders of the Company (basic) (equal to profit attributable to ordinary shareholders of the Company (diluted)) \$	<u>404,885</u>	<u>424,238</u>	<u>1,330,412</u>	<u>1,282,317</u>	
Weighted-average number of outstanding ordinary shares (thousands) (basic)	443,393	443,393	443,393	443,393	
Dilutive effect of potential ordinary shares:					
Employee stock bonus	<u>3,895</u>	<u>4,230</u>	<u>4,161</u>	<u>4,692</u>	
Weighted-average number of outstanding ordinary shares (thousands) (diluted)	<u>447,288</u>	<u>447,623</u>	<u>447,554</u>	<u>448,085</u>	
(w) Revenue from contracts with customers					
(i) Disaggregation of revenue					
	For the three months ended September 30, 2023				
	LED	LCD	Illumination	Others	Total
Primary geographical markets:					
Asia	\$ 3,740,253	19,954	169,344	20,403	3,949,954
Europe	302,971	58,126	-	-	361,097
Others	165,038	41,101	-	-	206,139
	<u>\$ 4,208,262</u>	<u>119,181</u>	<u>169,344</u>	<u>20,403</u>	<u>4,517,190</u>
Major products					
Construction revenue	\$ -	-	47,034	-	47,034
Sales revenue	<u>4,208,262</u>	<u>119,181</u>	<u>122,310</u>	<u>20,403</u>	<u>4,470,156</u>
	<u>\$ 4,208,262</u>	<u>119,181</u>	<u>169,344</u>	<u>20,403</u>	<u>4,517,190</u>
	For the three months ended September 30, 2022				
	LED	LCD	Illumination	Others	Total
Primary geographical markets:					
Asia	\$ 3,728,245	73,142	186,724	20,155	4,008,266
Europe	384,608	95,865	41,658	-	522,131
Others	156,654	87,953	2,529	-	247,136
	<u>\$ 4,269,507</u>	<u>256,960</u>	<u>230,911</u>	<u>20,155</u>	<u>4,777,533</u>
Major products					
Construction revenue	\$ -	-	109,757	-	109,757
Sales revenue	<u>4,269,507</u>	<u>256,960</u>	<u>121,154</u>	<u>20,155</u>	<u>4,667,776</u>
	<u>\$ 4,269,507</u>	<u>256,960</u>	<u>230,911</u>	<u>20,155</u>	<u>4,777,533</u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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For the nine months ended September 30, 2023					
	LED	LCD	Illumination	Others	Total
Primary geographical markets:					
Asia	\$ 10,911,663	89,344	539,069	61,052	11,601,128
Europe	1,008,569	173,083	-	-	1,181,652
Others	494,089	126,529	-	-	620,618
	\$ 12,414,321	388,956	539,069	61,052	13,403,398
Major products					
Construction revenue	\$ -	-	143,216	-	143,216
Sales revenue	12,414,321	388,956	395,853	61,052	13,260,182
	\$ 12,414,321	388,956	539,069	61,052	13,403,398
For the nine months ended September 30, 2022					
	LED	LCD	Illumination	Others	Total
Primary geographical markets:					
Asia	\$ 12,200,539	229,644	475,757	56,967	12,962,907
Europe	1,212,502	162,965	354,035	-	1,729,502
Others	541,843	171,102	26,106	-	739,051
	\$ 13,954,884	563,711	855,898	56,967	15,431,460
Major products					
Construction revenue	\$ -	-	227,941	-	227,941
Sales revenue	13,954,884	563,711	627,957	56,967	15,203,519
	\$ 13,954,884	563,711	855,898	56,967	15,431,460

(ii) Contract balance

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 5,664	2,460	7,753
Accounts receivables	6,430,956	5,753,810	6,867,181
Less: allowance for impairment	(390,228)	(443,538)	(346,474)
	\$ 6,046,392	5,312,732	6,528,460
Contract assets-illumination	\$ 157,153	63,583	73,119
Less: allowance for impairment	(6,910)	(6,910)	-
	\$ 150,243	56,673	73,119
Contract liabilities-illumination	\$ 2,948	1,733	115
Contract liabilities-Advance receipt	\$ 23,680	16,974	33,134

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

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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The amount of revenue recognized for the nine months ended September 30, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were \$12,042 and \$58,702, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(x) **Remuneration of employees and directors**

In accordance with the articles of the Company, if there is annual net income, the Company should appropriate 6%~12% as remuneration to employees and remuneration to directors not exceeding 1%. However, if the Company has accumulated deficits, the after-tax earnings shall first be offset against any deficit. The employees include those in the subsidiaries who meet specific conditions, which were formulated by the Board of directors.

The remuneration to employees amounted to \$49,658, \$34,089, \$182,212 and \$146,864, and the remuneration to directors amounted to \$6,207, \$5,682, \$18,843 and \$17,459 for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, respectively. These amounts are calculated using the Company's profit before tax without the remuneration to employees and directors for the period, and are determined using the earnings allocation method which was stated under the Company's articles. These remunerations are expensed under operating expenses for the period. The related information can be accessed from the Market Observation Post System website. If the board of directors decides to pay the employees compensation in stock, the basis for calculating the number of shares will be the closing price one day before the board of directors' meeting.

The remuneration to employees amounted to \$146,864 and \$286,630. The remuneration to directors amounted to \$17,211 and \$26,042 in 2022 and 2021, respectively. The related information can be accessed from the Market Observation Post System website. There had been no differences between the actual amounts and the estimation of employee compensation in 2022 and 2021.

(y) **Non-operating income and expenses**

The interest income and finance costs were as follows:

(i) **Interest income**

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Cash in banks	\$ 45,616	28,560	128,137	82,297
Other	881	(45)	3,009	589
	<u>\$ 46,497</u>	<u>28,515</u>	<u>131,146</u>	<u>82,886</u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Finance costs – interest expenses

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Loans	\$ 378	12,078	3,330	35,247
Lease liabilities	1,858	1,520	5,615	4,584
	\$ 2,236	13,598	8,945	39,831

(z) Financial Instruments

Except for the contention mentioned below, there were no significant changes 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(y) of the 2022 annual consolidated financial statement.

(i) Credit risk

1) Exposure to credit risk

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

2) Credit risk of receivables and debt securities

For credit risk and credit impairment of note and accounts receivable, please refer to note 6(d).

For credit impairment of other receivables, please refer to note 6(e).

Investment in debt instruments measured at fair value through other comprehensive income are listed debt securities.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses. Allowance for uncollectible accounts from January 1 to September 30, 2023 are \$0.

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
September 30, 2023					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 250,000	(250,295)	(250,295)	-	-
Notes and accounts payable (including related parties)	3,750,284	(3,750,284)	(3,750,284)	-	-
Payables on construction and equipment	181,605	(181,605)	(181,605)	-	-
Other payables (recorded as other current liabilities)	1,535,354	(1,535,354)	(1,535,354)	-	-
Lease liabilities (including current and non-current)	343,464	(437,086)	(48,220)	(40,301)	(348,565)
Long-term borrowings (including current portion)	8,620	(8,894)	(1,195)	(1,293)	(6,406)
Guarantee deposits received	286,931	(286,931)	-	-	(286,931)
Derivative financial liabilities:					
Forward exchange contracts not used for hedging:	12,541				
Outflow	-	(1,160,820)	(1,160,820)	-	-
Inflow	-	1,145,088	1,145,088	-	-
	<u><u>\$ 6,368,799</u></u>	<u><u>(6,466,181)</u></u>	<u><u>(5,782,685)</u></u>	<u><u>(41,594)</u></u>	<u><u>(641,902)</u></u>
December 31, 2022					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 537,705	(540,888)	(540,888)	-	-
Notes and accounts payable (including related parties)	3,200,410	(3,200,410)	(3,200,410)	-	-
Payables on construction and equipment	279,080	(279,080)	(279,080)	-	-
Other payables (recorded as other current liabilities)	1,546,559	(1,546,559)	(1,546,559)	-	-
Lease liabilities (including current and non-current)	346,558	(443,403)	(42,680)	(35,042)	(365,681)
Long-term borrowings (including current portion)	9,372	(9,671)	(237)	(1,415)	(8,019)
Guarantee deposits received	256,412	(256,412)	-	-	(256,412)
Derivative financial liabilities:					
Forward exchange contracts not used for hedging:	8,212				
Outflow	-	(747,111)	(747,111)	-	-
Inflow	-	734,447	734,447	-	-
	<u><u>\$ 6,184,308</u></u>	<u><u>(6,289,087)</u></u>	<u><u>(5,622,518)</u></u>	<u><u>(36,457)</u></u>	<u><u>(630,112)</u></u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
September 30, 2022					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 1,103,739	(1,106,482)	(1,106,482)	-	-
Notes and accounts payable (including related parties)	3,703,050	(3,703,050)	(3,703,050)	-	-
Payables on construction and equipment	416,585	(416,585)	(416,585)	-	-
Other payables (recorded as other current liabilities)	1,690,128	(1,690,128)	(1,690,128)	-	-
Lease liabilities (including current and non-current)	335,949	(434,201)	(41,688)	(31,955)	(360,558)
Long-term borrowings (including current portion)	8,772	(9,051)	-	(1,216)	(7,835)
Guarantee deposits received	261,982	(261,982)	-	-	(261,982)
Derivative financial liabilities:					
Forward exchange contracts not used for hedging:	64,977				
Outflow	-	(1,681,770)	(1,681,770)	-	-
Inflow	-	1,612,022	1,612,022	-	-
	<u>\$ 7,585,182</u>	<u>(7,691,227)</u>	<u>(7,027,681)</u>	<u>(33,171)</u>	<u>(630,375)</u>

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant financial assets and liabilities exposure to foreign currency risk was as follows:

<u>September 30, 2023</u>				<u>December 31, 2022</u>				<u>September 30, 2022</u>			
	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>TWD</u>		<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>TWD</u>		<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets											
Monetary items											
USD	\$ 125,937	USD/TWD =32.2450	4,060,839	146,554	USD/TWD =30.7080	4,500,380	138,594	USD/TWD =31.7430	4,399,389		
RMB	601,234	RMB/TWD =4.4111	2,652,103	436,729	RMB/TWD =4.4526	1,944,580	662,743	RMB/TWD =4.4624	2,957,424		
HKD	331,720	HKD/TWD =4.1230	1,367,682	329,017	HKD/TWD =3.9351	1,294,715	366,416	HKD/TWD =4.0439	1,481,750		
Financial liabilities											
Monetary items											
USD	16,638	USD/TWD =32.2450	536,492	22,665	USD/TWD =30.7080	695,966	39,125	USD/TWD =31.7430	1,241,945		
USD	14,245	USD/RMB =7.3100	459,330	17,801	USD/RMB =6.8967	546,633	19,887	USD/RMB =7.1135	631,273		
RMB	804,355	RMB/TWD =4.4111	3,548,090	749,268	RMB/TWD =4.4526	3,336,191	905,685	RMB/TWD =4.4624	4,041,529		

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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2) Sensitivity analysis

The Group's exposure to foreign currency risk of monetary items arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, financial assets at fair value through other comprehensive income, loans and borrowings, financial assets at fair value through profit or loss, notes and accounts payables and other payables that are denominated in foreign currency. A 5% of appreciation (depreciation) of each major foreign currency against the Group's functional currency as of September 30, 2023 and 2022 would have increased (decreased) the profit before tax by \$216,132 for the nine months ended September 30, 2023, and increased (decreased) the profit before tax by \$165,426 for the nine months ended September 30, 2022. The analysis is performed on the same basis for both periods.

3) Exchange gains and losses of monetary items

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, the foreign exchange gains, including both realized and unrealized, amounted to \$140,816, \$243,374, \$263,810 and \$442,982, respectively.

(iv) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	Carrying amount		
	September 30, 2023	December 31, 2022	September 30, 2022
Variable rate instruments:			
Financial assets	\$ 2,950,085	3,405,339	3,203,769
Financial liabilities	(100,000)	(505,705)	(449,879)
	<u>\$ 2,850,085</u>	<u>2,899,634</u>	<u>2,753,890</u>

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents management of the Group's assessment on the reasonably possible interval of interest rate change.

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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If the interest rate had increased or decreased by 0.25%, the effects of the net profit before tax for the nine months ended September 30, 2023 and 2022, were as follows, which would have mainly resulted from bank borrowings and cash in banks with variable interest rates.

	For the nine months ended September 30,	
	2023	2022
Increase by 0.25%	\$ 5,344	5,164
Decrease by 0.25%	(5,344)	(5,164)

(v) Fair value

1) The kinds of financial instruments and fair value

The fair value of the Group's financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income are measured on a recurring basis. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value, and lease liabilities, disclosure of fair value information is not required.

	September 30, 2023				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:					
Derivative financial assets	\$ 3,201	-	3,201	-	3,201
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>663,583</u>	293,634	369,949	-	663,583
	<u>666,784</u>				
Financial assets at fair value through other comprehensive income:					
Foreign unlisted stocks	18,363	-	-	18,363	18,363
Domestic corporate bonds	<u>719,819</u>	719,819	-	-	719,819
	<u>738,182</u>				

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		September 30, 2023			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	4,687,437	-	-	-	-
Notes and accounts receivable (including related parties)	5,487,877	-	-	-	-
Other current financial assets	4,696,359	-	-	-	-
Refundable deposits (recorded as other non-current assets)	81,991	-	-	-	-
Other non-current financial assets	751,122	-	-	-	-
	15,704,786				
	<u>\$ 17,109,752</u>				
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities (recorded as other current liabilities)	\$ 12,541	-	12,541	-	12,541
Financial liabilities measured at amortized cost:					
Short-term borrowings	250,000	-	-	-	-
Notes and accounts payable (including related parties)	3,750,284	-	-	-	-
Payables on construction and equipment	181,605	-	-	-	-
Lease liabilities	343,464	-	-	-	-
Other current payables (recorded as other current liabilities)	1,535,354	-	-	-	-
Long-term borrowings (including current portion)	8,620	-	-	-	-
Guarantee deposits received (recorded as other non-current liabilities)	286,931	-	-	-	-
	6,356,258				
	<u>\$ 6,368,799</u>				

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	December 31, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:					
Derivative financial assets	\$ 28,557	-	28,557	-	28,557
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>783,964</u>	173,731	610,233	-	783,964
	<u>812,521</u>				
Financial assets at fair value through other comprehensive income:					
Foreign unlisted stocks	<u>18,363</u>	-	-	18,363	18,363
Financial assets measured at amortized cost					
Cash and cash equivalents	4,891,166	-	-	-	-
Notes and accounts receivable (including related parties)	4,768,788	-	-	-	-
Other current financial assets	4,907,113	-	-	-	-
Refundable deposits (recorded as other non-current assets)	94,503	-	-	-	-
Other non-current financial assets	<u>767,118</u>	-	-	-	-
	<u>15,428,688</u>				
	<u>\$ 16,259,572</u>				
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities (recorded as other current liabilities)	\$ <u>8,212</u>	-	8,212	-	8,212
Financial liabilities measured at amortized cost:					
Short-term borrowings	537,705	-	-	-	-
Notes and accounts payable (including related parties)	3,200,410	-	-	-	-
Payable on construction and equipment	279,080	-	-	-	-
Lease liabilities	346,558	-	-	-	-
Other current payables (recorded as other current liabilities)	1,546,559	-	-	-	-
Long-term borrowings (including current portion)	9,372	-	-	-	-
Guarantee deposits received (recorded as other non-current liabilities)	<u>256,412</u>	-	-	-	-
	<u>6,176,096</u>				
	<u>\$ 6,184,308</u>				

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:					
Derivative financial assets	\$ 5,934	-	5,934	-	5,934
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>527,453</u>	176,838	350,615	-	527,453
	<u>533,387</u>				
Financial assets measured at amortized cost:					
Cash and cash equivalents	4,552,804	-	-	-	-
Notes and accounts receivable (including related parties)	5,885,567	-	-	-	-
Other current financial assets	4,739,305	-	-	-	-
Refundable deposits (recorded as other non-current assets)	107,497	-	-	-	-
Other non-current financial assets	<u>1,145,883</u>	-	-	-	-
	<u>16,431,056</u>				
	<u>\$ 16,964,443</u>				
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities (recorded as other current liabilities)	\$ <u>64,997</u>	-	64,997	-	64,997
Financial liabilities measured at amortized cost:					
Short-term borrowings	1,103,739	-	-	-	-
Notes and accounts payable (including related parties)	3,703,050	-	-	-	-
Payables on construction and equipment	416,585	-	-	-	-
Lease liabilities	335,949	-	-	-	-
Other current payables (recorded as other current liabilities)	1,690,128	-	-	-	-
Long-term borrowings (including current portion)	8,772	-	-	-	-
Guarantee deposits received (recorded as other non-current liabilities)	<u>261,982</u>	-	-	-	-
	<u>7,520,205</u>				
	<u>\$ 7,585,202</u>				

(Continued)

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Fair value valuation technique of financial instruments not measured at fair value

The Group estimates instruments that are not measured at fair value, by method and presumption as follows:

- a) The book value of financial assets and liabilities at amortized cost are similar to their fair value.

3) Fair value valuation technique of financial instruments measured at fair value

- a) The fair value of financial assets and liabilities traded in active markets, including listed stocks, fund beneficiary certificates, emerging stocks and listed convertible bonds, etc., is based on quoted market prices.
- b) The fair value of unlisted shares without an active market is assessed by using the net asset value per share approach, P/E ratio approach, and P/B ratio approach.
- c) The fair value of derivative instruments is based on quoted prices. When quoted prices are unavailable, the fair value is estimated by adapting a valuation technique using the estimates and hypothesis referred from those used by financial instruments, or the binomial options pricing model which is generally accepted by the market participants.
- d) For all other financial assets and financial liabilities, the fair value is determined using a discounted cash flow analysis based on expected future cash flows.

4) There were no transfers from one level to another of the Group for the nine months ended September 30, 2023 and 2022.

5) The following table shows the reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy of the Group for the nine months ended September 30, 2023 and 2022:

	Financial assets at fair value through other comprehensive income – unquoted equity instruments
Balance on January 1, 2023 (as balance on September 30, 2023)	\$ <u><u>18,363</u></u>
Balance on January 1, 2022 (as balance on September 30, 2022)	\$ <u><u>-</u></u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Total gains and losses recognized:				
In other comprehensive income (recorded as unrealized gains (losses) from financial assets at fair value through other comprehensive income)	\$ -	-	-	-

- 6) The quantified information for significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use level 3 inputs to measure the fair values include current financial assets at fair value through other comprehensive income—equity securities and derivative financial instrument.

Most of fair value measurements of the Group which are categorized as equity investment instruments into level 3 have several significant unobservable inputs. Significant unobservable inputs of equity instruments without quoted prices are independent of each other.

The quantitative information about significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income - equity investments without an active market	Guideline Public Company method - Price-Book Method	<ul style="list-style-type: none"> Price-to-Book ratio (P/B Ratio) (4.94 and 4.94 on September 30, 2023 and December 31, 2022) Lack of marketability discount rate (20% and 20% on September 30, 2023 and December 31, 2022) 	<ul style="list-style-type: none"> The higher the P/B ratio, the higher the fair value. The higher the lack of marketability discount, the lower the fair value.

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters changed, the impacts on profit or loss or other comprehensive income or loss were as follows:

		Variation	Impacts of fair value changes on other comprehensive income	
			Advantageous change	Disadvantageous change
September 30, 2023				
Financial assets at fair value through other comprehensive income	P/B ratio	5%	\$ <u>725</u>	<u>(1,093)</u>
Financial assets at fair value through other comprehensive income	Lack of marketability discount	5%	\$ <u>43</u>	<u>(411)</u>
December 31, 2022				
Financial assets at fair value through other comprehensive income	P/B ratio	5%	\$ <u>725</u>	<u>(1,093)</u>
Financial assets at fair value through other comprehensive income	Lack of marketability discount	5%	\$ <u>43</u>	<u>(411)</u>

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 table above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(aa) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(z) of the 2022 annual consolidated financial statements.

(ab) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in note 6(aa) of the 2022 annual consolidated financial statements. Also, management believes that there were no significant changes in the Group's capital management information as disclosed in the 2022 annual financial statements.

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ac) Investing and financial activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the nine months ended September 30, 2023 and 2022, were acquisition of right-of-use assets by lease; please refer to note 6(l). Reconciliations of liabilities arising from financing activities were as follows:

	Non-cash changes				
	January 1, 2023	Cash flows	Increase	Foreign exchange movement	September 30, 2023
Short-term borrowings	\$ 537,705	(287,705)	-	-	250,000
Long-term borrowings	9,372	-	-	(752)	8,620
Lease liabilities	346,558	(33,138)	27,464	2,580	343,464
Guarantee deposits received	256,412	30,519	-	-	286,931
Total liabilities from financing activities	<u>\$ 1,150,047</u>	<u>(290,324)</u>	<u>27,464</u>	<u>1,828</u>	<u>889,015</u>

	Non-cash changes				
	January 1, 2022	Cash flow	Increase	Foreign exchange movement	September 30, 2022
Short-term borrowings	\$ 2,489,960	(1,386,221)	-	-	1,103,739
Long-term borrowings	103,075	(96,237)	-	1,934	8,772
Lease liabilities	316,584	(36,077)	53,241	2,201	335,949
Guarantee deposits received	190,635	71,347	-	-	261,982
Total liabilities from financing activities	<u>\$ 3,100,254</u>	<u>(1,447,188)</u>	<u>53,241</u>	<u>4,135</u>	<u>1,710,442</u>

(7) Related-party transactions

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Tekcore Co., Ltd. (Tekcore)	The Group's associate
Anhui Hongming Technology Co., Ltd. (Anhui Hongming)	The Group's associate
LeadTech Electronics Inc. (LeadTech)	The Group's associate

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Significant related party transactions

(i) Sales

The amounts of significant sales by the Group to related parties were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Associates	\$ <u>65,345</u>	<u>47,264</u>	<u>176,069</u>	<u>83,107</u>

There were no significant differences in the collection periods and sales prices between the related parties and other customers, and the payment term was 60 to 165 days. There were no significant differences in the payment term between the related parties and other customers.

(ii) Purchase

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Associates	\$ <u>111,809</u>	<u>108,311</u>	<u>302,037</u>	<u>409,557</u>

The payment term was 90 to 150 days for other related parties and third-party suppliers.

(iii) Accounts receivable due from related parties

The accounts receivable due from related parties were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable Associates	\$ <u>89,764</u>	<u>56,922</u>	<u>76,669</u>

(iv) Accounts payable to related parties

The accounts payable to related parties were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Associates	\$ <u>146,125</u>	<u>180,362</u>	<u>197,744</u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Short-term employee benefits	\$ 3,942	7,030	26,880	29,785
Others	27	54	135	193
	\$ 3,969	7,084	27,015	29,978

There are no termination benefits and other long-term benefits.

(8) Pledged assets

The carrying amounts of the pledged assets were as follows:

Assets	Objectives	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits (recorded as other non-current financial assets)	Guarantee for contract grant and guarantee for construction contracts	\$ 192,607	223,174	223,174
Restricted deposits (recorded as other non-current financial assets)	Reserve account for long-term borrowings	-	-	11,976
		\$ 192,607	223,174	235,150

(9) Commitments and contingencies

- (a) Except as described below, there were no significant differences between the commitments and the contingencies of the Group. For related information, please refer to note 9 of the 2022 annual consolidated financial statements.
- (b) Significant commitments unrecognized:
- (i) As of September 30, 2023, December 31 and September 30, 2022, the Group's signed significant commitments to purchase machinery, equipment and commitments for construction contracts not yet due amounted to \$167,626, \$192,406 and \$602,265, respectively.
- (ii) As of September 30, 2023, December 31 and September 30, 2022, the unused balance of the Group's outstanding standby letters of credit amounted to \$2,371, \$2,577 and \$2,412, respectively.

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Losses Due to Major Disasters: none

(11) Subsequent Events: none

(12) Other

- (a) The following are the summary statement of current period employee benefits, depreciation and amortization expenses by function:

By function By item	Three months ended September 30, 2023			Three months ended September 30, 2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	353,498	388,773	742,271	182,696	422,793	605,489
Labor and health insurance	19,596	29,088	48,684	19,807	37,497	57,304
Pension	20,370	14,800	35,170	20,684	13,397	34,081
Others	25,622	17,905	43,527	26,058	18,158	44,216
Depreciation	152,393	103,444	255,837	218,912	124,690	343,602
Amortization	6,136	4,953	11,089	9,163	5,927	15,090

By function By item	Nine months ended September 30, 2023			Nine months ended September 30, 2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	994,267	1,180,880	2,175,147	1,000,792	1,272,593	2,273,385
Labor and health insurance	55,755	90,333	146,088	68,712	120,929	189,641
Pension	58,666	43,209	101,875	80,417	40,992	121,409
Others	76,674	56,261	132,935	86,341	55,245	141,586
Depreciation	517,339	319,624	836,963	687,138	379,456	1,066,594
Amortization	21,205	16,212	37,417	27,509	19,008	46,517

- (b) Seasonality of interim operation

The operation of the Group is not subject to seasonal fluctuations.

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The Group operated a retail channel for lighting products in Germany to expand its overseas lighting market. However, due to factors such as global recession and market competition, the Group's subsidiary, WOFI W&F GmbH, had been experiencing losses for consecutive years leading to insolvency. Thus, it decided to liquidate and dispose the assets actively and negotiate with creditors for debt repayment. On August 25, 2022, the Company's board of directors resolved to dissolve and liquidate WOFI Leuchten GmbH and its subsidiaries. In accordance with the aforementioned decision, the Group filed for liquidation and dissolution of WOFI W&F GmbH on August 29, 2022. Thereafter, the Group designated November 30, 2022 as the final operational day for WOFI W&F GmbH after prudent evaluation. The Group had been negotiating with the employee union of WOFI W&F GmbH since August 2022. On September 21, 2022, both parties reached a layoff agreement. Thereafter, WOFI W&F GmbH issued a notice regarding the termination, dissolution and placements of its employees, in which the related severance pay were recognized as management expenses in 2022 and had been fully paid. As of September 30, 2023 and December 31, 2022, the Group did not have any significant obligations for the salary or severance pay arising from the aforementioned situation regarding layoff. In January 2023, the Group assessed that WOFI W&F GmbH's property was still insufficient to repay the remaining debt balance, resulting in a bankruptcy application filed by the liquidator on January 20, 2023, in accordance with the German local laws. The proceedings of the bankruptcy of WOFI W&F GmbH on April 1, 2023, as well as ETT, Action, WOFI VG and LFL on May 1, 2023, that were formally adjudged by the German court, Amtsgericht Arnsberg, were still in progress as of the reporting date. The Group had already recognized the accumulated losses of WOFI W&F GmbH, and therefore, the above matter did not have a significant impact on the Group's finance and business.

(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, 2023:

- (i) Loans to other parties: Please refer to table 1.
- (ii) Guarantees and endorsements for other parties: Please refer to table 2.
- (iii) Securities held as of September 30, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to table 3.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to table 4.

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to table 5.

(ix) Information derivative financial instruments transaction: Please refer to note 6(b).

(x) Business relationships and significant intercompany transactions: Please refer to table 6.

(b) Information on investees: Please refer to table 7.

(c) Information on investment in Mainland China: Please refer to table 8.

(d) Major shareholders: There is no shareholders holding more than 5% shares.

(14) Segment information:

(a) Information about reported segment profit or loss, segment assets, and the basis of segment measurement for reportable segments

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies as stated in note 4. The Group evaluates performance on the basis of net operating income or loss. There were no intersegment revenues.

For the three months ended September 30, 2023						
	LED segment	LCD segment	Illumination segment	Others	Adjustments & eliminations	Total
Revenues						
Revenues from external customers	\$ 4,208,262	119,181	169,344	20,403	-	4,517,190
Intersegment revenues	-	-	-	-	-	-
Total revenues	<u>\$ 4,208,262</u>	<u>119,181</u>	<u>169,344</u>	<u>20,403</u>	<u>-</u>	<u>4,517,190</u>
Reportable segment profit (loss)	<u>\$ 459,646</u>	<u>20,548</u>	<u>(30,169)</u>	<u>1,881</u>	<u>-</u>	<u>451,906</u>
For the three months ended September 30, 2022						
	LED segment	LCD segment	Illumination segment	Others	Adjustments & eliminations	Total
Revenues						
Revenues from external customers	\$ 4,269,507	256,960	230,911	20,155	-	4,777,533
Intersegment revenues	-	-	-	-	-	-
Total revenues	<u>\$ 4,269,507</u>	<u>256,960</u>	<u>230,911</u>	<u>20,155</u>	<u>-</u>	<u>4,777,533</u>
Reportable segment profit (loss)	<u>\$ 598,313</u>	<u>58,389</u>	<u>(306,543)</u>	<u>3,800</u>	<u>-</u>	<u>353,959</u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2023						
	LED segment	LCD segment	Illumination segment	Others	Adjustments & eliminations	Total
Revenues						
Revenues from external customers	\$12,414,321	388,956	539,069	61,052	-	13,403,398
Intersegment revenues	-	-	-	-	-	-
Total revenues	<u>\$12,414,321</u>	<u>388,956</u>	<u>539,069</u>	<u>61,052</u>	<u>-</u>	<u>13,403,398</u>
Reportable segment profit (loss)	<u>\$ 1,378,504</u>	<u>56,100</u>	<u>(72,930)</u>	<u>15,157</u>	<u>-</u>	<u>1,376,831</u>
For the nine months ended September 30, 2022						
	LED segment	LCD segment	Illumination segment	Others	Adjustments & eliminations	Total
Revenues						
Revenues from external customers	\$13,954,884	563,711	855,898	56,967	-	15,431,460
Intersegment revenues	-	-	-	-	-	-
Total revenues	<u>\$13,954,884</u>	<u>563,711</u>	<u>855,898</u>	<u>56,967</u>	<u>-</u>	<u>15,431,460</u>
Reportable segment profit (loss)	<u>\$ 1,620,339</u>	<u>100,184</u>	<u>(474,007)</u>	<u>11,655</u>	<u>-</u>	<u>1,258,171</u>

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 1 Loans to other parties
September 30, 2023

Unit: In Thousands of New Taiwan Dollar

No	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 5)	Ending balance (Note 5)	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	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	WOFI Leuchten GmbH	Other receivables	Yes	\$ 534,893	\$ 534,893	525,715	1.0%	Short term financing	-	Financing Services	-		-	\$ 1,851,824	\$ 7,407,299	Note6
0	The Company	Altocom Asia LLP	Other receivables	No	62,502	62,502	45,826	1.0%	Short term financing	-	Financing Services	45,826		-	1,851,824	7,407,299	-
0	The Company	A3 Commerce LLP	Other receivables	No	24,474	24,474	18,709	1.0%	Short term financing	-	Financing Services	18,709		-	1,851,824	7,407,299	-
						\$ 621,869	590,250										
1	Everlight BVI	Everlight China	Other receivables	Yes	322,450	-	-	-%	Short term financing	-	Financing Services	-		-	2,898,819	2,898,819	Note6
1	Everlight BVI	WOFI Leuchten GmbH	Other receivables	Yes	270,832	-	-	-%	Short term financing	-	Financing Services	-		-	2,898,819	2,898,819	Note6
1	Everlight BVI	WOFI Leuchten GmbH	Other receivables	Yes	203,124	-	-	1.0%	Short term financing	-	Financing Services	-		-	2,898,819	2,898,819	Note6
2	Everlight China	Everlight Lighting China	Other receivables	Yes	882,220	441,110	441,110	2.0%	Short term financing	-	Financing Services	-		-	2,252,573	2,252,573	Note6
3	Forever	WOFI Leuchten GmbH	Other receivables	Yes	186,197	-	-	1.0%	Short term financing	-	Financing Services	-		-	171,275	171,275	Note6
						\$ 441,110	441,110										

Note 1: According to the Company's "Procedures for Lending Funds to Other Parties and Guarantees and Endorsements", the total amount of loans to others cannot exceed 40% of the net worth of the Company; and to borrowers having business relationship with the Company, the total amount for lending the borrower cannot exceed the transaction amount of business dealings between the two parties in the last fiscal year. For those companies with short term financing needs, the amount of each fund financing cannot exceed 10% of the Company's net worth.

Note 2: According to Everlight BVI's "Procedures for Lending Funds to Other Parties and Guarantees and Endorsements", the total amount of loans to others cannot exceed 40% of the net worth of Everlight BVI; and to borrowers having business relationship with Everlight BVI, the total amount for lending the borrower cannot exceed the transaction amount of business dealings between the two parties in the last fiscal year. For those companies with short term financing needs, the amount of each fund financing cannot exceed 40% of Everlight BVI's net worth.

Note 3: According to Everlight China's "Procedures for Lending Funds to Other Parties and Guarantees and Endorsements", the total amount of loans to others cannot exceed 40% of the net worth of Everlight China; and to borrowers having business relationship with Everlight China, the total amount for lending the borrower cannot exceed the transaction amount of business dealings between the two parties in the last fiscal year. For those companies with short term financing needs, the amount of each fund financing cannot exceed 40% of Everlight China's net worth.

Note 4: According to Forever's "Procedures for Lending Funds to Other Parties and Guarantees and Endorsements", the total amount of loans to others cannot exceed 40% of the net worth of Forever; and to borrowers having business relationship with Forever, the total amount for lending the borrower cannot exceed the transaction amount of business dealings between the two parties in the last fiscal year. For those companies with short term financing needs, the amount of each fund financing cannot exceed 40% of Forever's net worth.

Note 5: The amounts were translated into New Taiwan dollars at the exchange rates at the ending date of the reporting period.

Note 6: The aforementioned transactions had been eliminated in the consolidated financial statements.

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 2 Guarantees and endorsements for other parties
September 30, 2023

Unit: In Thousands of New Taiwan Dollar

No.	Name of guarantor	Counter party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	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	Parent company endorsements / guarantees to third parties on behalf of subsidiary (note 4)	Subsidiary endorsements/ guarantees to third parties on behalf of parent company (note 4)	Endorsements/ guarantees to third parties on behalf of companies in Mainland China (note 4)
		Name	Relationship with the Company										
0	The Company	WOFI Leuchten GmbH	100% owned subsidiary	\$ 3,703,649	\$ 644,900	\$ -	\$ -	-	0.00%	\$ 9,259,124	Y	-	-

Note 1 : The company is coded as "0", and subsidiaries are sorted in a numerical order starting from "1".

Note 2 : The limitation on amount of the guarantees and endorsements: According to the Company's "Procedures for Lending Funds to Other Parties and Guarantees and Endorsements", the total amount of the guarantee provided by the Company and its subsidiary shall not exceed 50% of the Company's net worth; for those subsidiaries wherein the Company holds at least 50% of their voting shares, the guarantee shall not exceed 20% of the Company's net worth; and for those subsidiaries wherein the Company holds less than 50% of their voting shares, the guarantee shall not exceed 10% of the Company's net worth.

Note 3 : For the Company as the guarantor to its subsidiary, or the subsidiary as the guarantor to the Company, or wherein the guarantor is located in China, please fill in Y.

Note 4 : The names of guarantors mentioned above are the main principal for the preparation of the consolidated financial report.

Note 5 : The amounts were translated into New Taiwan dollars at the exchange rates at the ending date of the reporting period.

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 3 Securities held as of September 30, 2023 (excluding investment in subsidiaries, associates and joint ventures)
September 30, 2023

Unit: In Thousands of New Taiwan Dollar, thousand shares

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value (Note 1)	Percentage of ownership (%)	Fair value	
The Company	SinoPac TWD Money Market Fund	None	Current financial assets at fair value through profit or loss	5,869	\$ 83,663	-%	\$ 83,663	
The Company	Cathay Financial Holding Co., Ltd. Preferred Stock B	None	Current financial assets at fair value through profit or loss	100	6,000	-%	6,000	
The Company	Shin Kong Financial Holding Co., Ltd. Preferred Stock B	None	Current financial assets at fair value through profit or loss	666	20,347	-%	20,347	
The Company	WT Microelectronics Co., Ltd. Preferred Stock A	None	Current financial assets at fair value through profit or loss	600	26,460	-%	26,460	
The Company	Yuanta US 20+ Year AAA-A Corporate Bond ETF	None	Current financial assets at fair value through profit or loss	580	18,989	-%	18,989	
The Company	Yuanta US 20+ Year BBB Corporate Bond ETF	None	Current financial assets at fair value through profit or loss	580	19,279	-%	19,279	
The Company	Citigroup Inc. Bond	None	Non-current financial assets at fair value through other comprehensive income	10	29,326	-%	29,326	
The Company	Bank of America Corp. Bond	None	Non-current financial assets at fair value through other comprehensive income	20	61,902	-%	61,902	
The Company	Standard Chartered PLC Bond	None	Non-current financial assets at fair value through other comprehensive income	19	62,357	-%	62,357	
The Company	Sumitomo Mitsui Financial Group Inc. Bond	None	Non-current financial assets at fair value through other comprehensive income	20	63,783	-%	63,783	
The Company	The First Issue of 2023 for unsecured Cumulative Subordinated Corporate Bonds of Cathay Life Insurance Co., Ltd. Series A	None	Non-current financial assets at fair value through other comprehensive income	2,500	252,451	-%	252,451	
The Company	Fubon Life Insurance Co., Ltd. 1st issue of Unsecured Cumulative Subordinated Corporate Bonds	None	Non-current financial assets at fair value through other comprehensive income	2,500	250,000	-%	250,000	
					\$ 894,557			
Forever	Yuanta U.S. Treasury 20+ Year Bond ETF	None	Current financial assets at fair value through profit or loss	930	26,523	-%	26,523	
Forever	CTBC USD Corporate 10+ Year High Grade Capped Bond ETF	None	Current financial assets at fair value through profit or loss	840	28,443	-%	28,443	
Forever	Cathay U.S. Treasury 20+ Year Bond ETF	None	Current financial assets at fair value through profit or loss	880	26,198	-%	26,198	
Forever	Taiwan Cement Corp. 2nd Preferred Shares	None	Current financial assets at fair value through profit or loss	610	28,792	-%	28,792	
Forever	Cathay Financial Holding Co., Ltd. Preferred Stock A	None	Current financial assets at fair value through profit or loss	149	8,940	-%	8,940	
Forever	ANJET Corporation Series B Preferred Shares	None	Non-current financial assets at fair value through other comprehensive income	200	18,363	-%	18,363	
					\$ 137,259			
Pai yee	Taipei Tech innoFund Stocks	Pai yee is the corporate director of this company	Non-current financial assets at fair value through profit or loss	3,000	\$ 37,647	-%	37,647	
Everlight Zhongshan	Structured deposits	None	Current financial assets at fair value through profit or loss	-	\$ 66,862	-%	66,862	
Everlight China	Structured deposits	None	Current financial assets at fair value through profit or loss	-	\$ 265,440	-%	265,440	

Note 1: The amounts were translated into New Taiwan dollars at the exchange rates at the ending date of the reporting period.

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 4 Related party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock
September 30, 2023

Name of Company	Name of Counter party	Relationship	Transaction Details				Abnormal Transaction		Notes/ Account (Payable) or Receivable		Note
			Purchase/ (Sale)	Amount (Note 1)	Percentage of total purchases /sales	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 3)	Percentage of total notes/accounts receivable (payable)	
The Company	Evlite	100% owned subsidiary	(Sales)	\$ (670,136)	(6%)	OA 120	No significant difference to the general customers	General export receivables in 30~120 days	Accounts Receivable 353,854	8%	Note 2
The Company	Everlight Europe	75% owned subsidiary	(Sales)	(707,327)	(6%)	OA 120	No significant difference to the general customers	General export receivables in 30~120 days	Accounts Receivable 180,098	4%	Note 2
The Company	Everlight Lighting China	100% owned sub-subsiary	(Sales)	(317,010)	(3%)	Depending on the credit conditions of the ultimate customers	No significant difference to the general customers	General export receivables in 30~120 days	Accounts Receivable 128,062	3%	Note 2
The Company	ELA	99% owned subsidiary	(Sales)	(197,275)	(2%)	OA 140	No significant difference to the general customers	General export receivables in 30~120 days	Accounts Receivable 41,791	1%	Note 2
The Company	Anhui Hongming	Equity accounted investee by Everlight China	(Sales)	(158,330)	(1%)	OA 120	No significant difference to the general customers	General export receivables in 30~120 days	Accounts Receivable 76,789	2%	-
The Company	Everlight China	100% owned sub-subsiary	Purchases	5,386,757	75%	OA 120	Terms not comparable to other general trading price	General purchase payments in 90~120 days	Accounts Payable (2,998,186)	(70%)	Note 2
The Company	Everlight Zhongshan	100% owned sub-subsiary	Purchases	342,220	5%	OA 120	Terms not comparable to other general trading price	General purchase payments in 90~120 days	Accounts Payable (162,553)	(4%)	Note 2
The Company	Everlight Lighting China	100% owned sub-subsiary	Purchases	134,177	2%	OA 120	Terms not comparable to other general trading price	General purchase payments in 90~120 days	Accounts Payable (78,901)	(2%)	Note 2
The Company	Tekcore	Equity accounted investee by the Company	Purchases	158,308	2%	OA 120	Terms not comparable to other general trading price	General purchase payments in 90 days	Accounts Payable (91,512)	(2%)	-
Everlight Zhongshan	The Company	Ultimate holding company	(Sales)	(365,366)	(100%)	OA 120	Terms not comparable to other general trading price	General export receivables in 90~120 days	Accounts Receivable 162,553	100%	Note 2
Everlight China	The Company	Ultimate holding company	(Sales)	(5,559,258)	(99%)	OA 120	Terms not comparable to other general trading price	General export receivables in 90~120 days	Accounts Receivable 2,998,186	99%	Note 2
Everlight China	Tekcore	Equity accounted investee by the Company	Purchases	143,730	4%	OA 120	Terms not comparable to other general trading price	General purchase payments in 90 days	Accounts Payable (54,613)	(3%)	-
Everlight Lighting China	The Company	Ultimate holding company	Purchases	322,874	23%	Depending on the credit conditions of the ultimate customers	Terms not comparable to other general trading price	General purchase payments in 90~120 days	Accounts Payable (128,062)	(16%)	Note 2
Everlight Lighting China	The Company	Ultimate holding company	(Sales)	(134,319)	(9%)	OA 120	Terms not comparable to other general trading price	General export receivables in 90~120 days	Accounts Receivable 78,901	14%	Note 2
ELA	The Company	Parent company	Purchases	185,869	100%	OA 140	No significant difference to the general customers	General purchase payments in 30~120 days	Accounts Payable (41,782)	(96%)	Note 2
Everlight Europe	The Company	Parent company	Purchases	647,967	100%	OA 120	No significant difference to the general customers	General purchase payments in 30~120 days	Accounts Payable (178,045)	(100%)	Note 2
Evlite	The Company	Parent compnay	Purchases	679,927	100%	OA 120	No significant difference to the general customers	General purchase payments in 90~120 days	Accounts Payable (353,820)	(100%)	Note 2
Evervision TW	VBEST GmbH	Equity accounted subsidiary by Evervision TW	(Sales)	(155,709)	(32%)	OA 90	No significant difference to the general customers	General export receivables in 90~120 days	Accounts Receivable 36,930	19%	Note 2
Evervision TW	Vbest Kunshan	Equity accounted sub-subsiary by Evervision TW	Purchases	254,959	58%	OA 150	Terms not comparable to other general trading price	General purchase payments in 90~120 days	Accounts Payable (92,858)	72%	Note 2
VBEST GmbH	Evervision TW	66.75% owned subsidiary	Purchases	156,011	100%	OA 90	Terms not comparable to other general trading price	General purchase payments in 90~120 days	Accounts Payable (36,930)	100%	Note 2
Vbest Kunshan	Evervision TW	66.75% owned subsidiary	(Sales)	(256,059)	(97%)	OA 150	Terms not comparable to other general trading price	General export receivables in 90~120 days	Accounts Receivable 92,858	98%	Note 2

Note 1: The amounts were translated into New Taiwan dollars at the nine months ended September 30, 2023 average exchange rates.

Note 2: The transaction amounts of the subsidiaries are inconsistent with the Company since the financial statements of the subsidiaries did not consider the adjustments made by the Company for processing trade and in transit inventory. Furthermore, all transactions between companies mentioned in note 2 had been eliminated in the consolidated financial statements.

Note 3: The accounts were translated into New Taiwan dollars at the exchange rate at the ended date of the reporting period.

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 5 Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock
September 30, 2023

Unit: In Thousands of New Taiwan Dollar

Name of company	Counterparty	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Allowance for bad debts
					Amount	Action taken		
The Company	Evlight	100% owned subsidiary	\$ 353,854	2.71	-		\$ 93,174	-
The Company	Everlight Europe	75% owned subsidiary	180,098	5.05	-		62,815	-
The Company	WOFI Leuchten GmbH	100% owned sub-subsubsidiary	525,715 (Note 3)	-	-		-	-
The Company	Everlight Lighting China	100% owned sub-subsubsidiary	128,062	3.73	-		45,762	-
Everlight China	Everlight Lighting China	With the same parent company	446,137 (Note 3)	-	-		-	-
Everlight China	The Company	Ultimate holding company	2,998,186	2.56	-		666,042	-
Everlight Zhongshan	The Company	Ultimate holding company	162,553	3.44	-		-	-

Note 1: Information as of November 1, 2023.

Note 2: The amounts were translated into New Taiwan dollars at the exchange rates at the reporting date.

Note 3: Lending funds (including interest).

Note 4: The aforementioned transactions had been eliminated in the consolidated financial statements.

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 6 Business relationships and significant intercompany transactions
September 30, 2023

Unit: In Thousands of New Taiwan Dollar

No. (Note 1)	Name of company	Counter-party	Relationship (Note 2)	Intercompany transactions			
				Financial statements accounts	Amount	Terms	Percentage of consolidated net revenue or total assets
0	The Company	Everlight Europe	1	Sales revenue	\$ 707,327	There is no significant difference on the price offered to general customers; and the credit period is OA 120 days.	5%
			1	Accounts receivable	180,098	There is no significant difference on the price offered to general customers; and the credit period is OA 120 days.	1%
0	The Company	Evlite	1	Sales revenue	670,136	There is no significant difference on the price offered to general customers; and the credit period is OA 120 days.	5%
			1	Accounts receivable	353,854	There is no significant difference on the price offered to general customers; and the credit period is OA 120 days.	1%
0	The Company	Everlight Lighting China	1	Sales revenue	317,010	There is no significant difference on the price offered to general customers; and the receivables depend on the terms of the ultimate customer.	2%
			1	Accounts receivable	128,062	There is no significant difference on the price offered to general customers; and the receivables depend on the terms of the ultimate customer.	0%
0	The Company	ELA	1	Sales revenue	197,275	There is no significant difference on the price offered to general customers; and the credit period is OA 140 days.	1%
			1	Accounts receivable	41,791	There is no significant difference on the price offered to general customers; and the credit period is OA 140 days.	0%
0	The Company	WOFI Leuchten GmbH	1	Other receivable due from related parties (Note 3)	525,715	Rate 1%	2%
1	Everlight China	The Company	2	Sales revenue	5,559,258	There is no general price for comparison; and the credit period is OA 120 days.	41%
			2	Accounts receivable	2,998,186	There is no general price for comparison; and the credit period is OA 120 days.	11%
1	Everlight China	Everlight Lighting China	3	Other receivable due from related parties (Note 3)	446,137	Rate 2%	2%
2	Everlight Lighting China	The Company	2	Sales revenue	134,319	There is no general price for comparison; and the credit period is OA 120 days.	1%
			2	Accounts receivable	78,901	There is no general price for comparison; and the credit period is OA 120 days.	0%
3	Everlight Zhongshan	The Company	2	Sales revenue	365,366	There is no general price for comparison; and the credit period is OA 120 days.	3%
			2	Accounts receivable	162,553	There is no general price for comparison; and the credit period is OA 120 days.	1%
4	Evervision TW	VBEST GmbH	3	Sales revenue	155,709	There is no general price for comparison; and the credit period is OA 90 days.	1%
			3	Accounts receivable	36,930	There is no general price for comparison; and the credit period is OA 90 days.	0%
5	Vbest Kunshan	Evervision TW	3	Sales revenue	256,059	There is no general price for comparison; and the credit period is OA 150 days.	2%
			3	Accounts receivable	92,858	There is no general price for comparison; and the credit period is OA 150 days.	0%

Note 1: The numbers filled in as follows:

1. 0 represents the parent company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:

1. Represents the transactions from the parent company to the subsidiaries.
2. Represents the transactions from the subsidiaries to the parent company.
3. Represents the transactions between the subsidiaries.

Note 3: Lending funds (including interest).

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 7 Information on investees
September 30, 2023

Unit: In Thousands of New Taiwan Dollar

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Ending balance			Net income (Losses) of the Investee (Note 4)	Share of profits/losses of investee	Note
				September 30, 2023	December 31, 2022	Shares (In thousands)	Percentage of ownership	Carrying value			
The Company	Everlight BVI	Registered in British Virgin Islands	Investment	\$ 4,762,934	\$ 4,762,934	1,540	98%	\$ 7,100,922	229,666	225,073	Subsidiaries (Note 5)
The Company	Pai yee	New Taipei City	Investment	580,253	580,253	23,940	100%	490,615	21,362	21,362	Subsidiaries (Note 5)
The Company	ELA and its subsidiaries	Registered in the USA	Sale of LEDs	373,396	373,396	11,375	98.91%	53,138	(3,265)	(3,230)	Subsidiaries (Note 5)
The Company	Evervision TW and its subsidiaries	New Taipei City	Manufacture and sales of LCDs and LED processing	35,455	35,455	4,477	24.27%	266,856	34,941	8,481	Subsidiaries (Note 5)
The Company	Everlight Europe	Registered in Germany	Sale of LEDs	2,203	2,203	75	75%	128,883	57,623	43,217	Subsidiaries (Note 5)
The Company	ELK	Korea	Sale of LEDs	6,485	6,485	38	100%	98,555	6,528	6,528	Subsidiaries (Note 5)
The Company	Forever	New Taipei City	Investment	400,000	400,000	42,488	100%	428,188	3,197	3,197	Subsidiaries (Note 5)
The Company	ELIT	New Taipei City	Sale of LED lighting products	500,000	500,000	20,000	100%	256,141	43,556	43,481	Subsidiaries (Note 5)
The Company	Tekcore	Nantou County	Manufacture and sale of EPI wafers and chips of LED	489,580	489,580	4,767	9.23%	58,564	23,263	2,147	(Note 1)
The Company	Evlite	Kwun Tong, Kowloon, Hong Kong	Sale of LEDs	71,324	71,324	7,000	100%	165,119	4,171	4,171	Subsidiaries (Note 5)
The Company	ELI	Registered in India	Sale of LEDs	1,984	1,984	353	80%	20,319	4,443	3,555	Subsidiaries (Note 5)
The Company	ELS	Singapore	Sale of LEDs	5,989	5,989	200	100%	13,815	693	693	Subsidiaries (Note 5)
The Company	WOFI Holding and its subsidiaries	Germany	Sale of lighting products, pendants and accessories	1,333,883	1,333,883	5,775	100%	(572,536)	(12,694)	(12,694)	Subsidiaries (Note 3 and 5)
The Company	ELJ	Japan	Sale of LEDs	14,911	14,911	5	100%	15,022	(4,946)	(4,946)	Subsidiaries (Note 5)
Pai yee	Everlight BVI	Registered in British Virgin Islands	Investment	120,740	120,740	37	2%	146,127	229,666	4,593	Subsidiaries (Note 5)
Pai yee	Evervision TW and its subsidiaries	New Taipei City	Manufacture and sales of LCDs and LED processing	54,401	54,401	2,716	14.72%	136,869	34,941	5,145	Subsidiaries (Note 5)
Pai yee	Tekcore	Nantou County	Manufacture and sale of EPI wafers and chips of LED	67,861	28,833	5,819	11.27%	71,508	23,263	3,056	(Note 2)
Pai yee	Everlight Malaysia	Registered in Malaysia	Business development and customer services	2,240	2,240	254	100%	2,728	-	-	Sub-subsidiaries (Note 5)
Pai yee	ELI	India	Sale of LEDs	493	493	88	20%	4,823	4,443	888	Subsidiaries (Note 5)
ELIT	ELIT KZ	Kazakhstan	Sale of LED lighting products	73	73	-	100%	1,286	(1,410)	(1,410)	Sub-subsidiaries (Note 5)
Forever	Evervision TW and its subsidiaries	New Taipei City	Manufacture and sales of LCDs and LED processing	30,978	30,978	5,120	27.76%	226,129	34,941	9,699	Subsidiaries (Note 5)
Forever	EleOcom Inc.	New Taipei City	Manufacture and sales of electronic components and communication equipment	45,000	45,000	4,500	32.14%	-	-	-	-
Evervision TW	LeadTech	Hsinchu County	Wafer testing service	30,000	30,000	2,500	43.48%	28,909	(4,289)	(1,865)	-

Note 1: The market price is \$88,902

Note 2: The market price is \$108,530

Note 3: The Company invested in WOFI through a cash injection of EUR 11,000 thousand and EUR 16,000 thousand in July 2020 and August 2022, respectively, wherein the registration procedures have yet to be completed.

Note 4: The amounts were translated into New Taiwan dollars at the nine months ended September 30, 2023 average exchange rates.

Note 5: The transactions had been eliminated in the consolidated financial statements.

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 8 Information on investment in Mainland China
September 30, 2023

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

Name of investee	Main businesses and products	Total amount of paid in capital (Note 6)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2023	Net income (losses) of the investee	Percentage of ownership owned directly or indirectly by the company	Investment Income (losses) (Note 4)	Carrying amount as of September 30, 2023 (Note 6)	Accumulated remittance of earnings as of September 30, 2023
					Outflow	Inflow						
<u>The Company and</u> <u>Pai yee:</u>												
Everlight China	Manufacture of LEDs	3,947,098 (US\$113,500、 RMB65,129) (Note 7)	(Note 1)	3,558,558 (US\$110,360)	-	-	3,558,558 (US\$110,360)	169,688	100%	169,688	5,631,433	(Note 8)
Everlight Lighting China	Sale of LEDs	322,450 (US\$10,000) (Note 11)	(Note 1)	167,674 (US\$5,200)	-	-	167,674 (US\$5,200)	27,971	100%	27,971 (Note 12)	350,774 (Note 12)	-
Everlight Electronic Guangzhou	Business development and customer services	202,627 (US\$128、 RMB45,000) (Note 19)	(Note 1)	4,127 (US\$128)	-	-	4,127 (US\$128)	(360)	100%	(360) (Note 20)	(2,963) (Note 20)	-
Everlight Zhongshan	Manufacture of LED related components	967,350 (US\$30,000)	(Note 1)	967,350 (US\$30,000)	-	-	967,350 (US\$30,000)	5,693	100%	5,693	913,063	-
<u>Evervision TW:</u> VBest Kunshan	Post assemble STN display and assemble module	580,410 (US\$18,000)	(Note 2)	580,410 (US\$18,000)	-	-	580,410 (US\$18,000)	23,759	66.75%	15,859	504,515	-
<u>Everlight Lighting China:</u> Zhongshan Everlight Lighting	Research and sale of LED lighting products	145,566 (RMB33,000)	(Note 3)	-	-	-	-	(4,818)	100%	(4,818)	798	-
<u>Everlight China</u> Anhui Hongming	Research and Manufacture of Mini LED lighting products	441,110 (RMB100,000)	(Note 3)	-	-	-	-	28,278	20%	5,656	87,210	-

Unit: In Thousands of New Taiwan Dollar、Foreign currency

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 8 Information on investment in Mainland China
September 30, 2023

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of September 30, 2023 (Note 6)	Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs (Note 6)	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
The Company and Pai yee (Note 5)	5,709,280 (USD169,003 thousand 、 RMB58,892 thousand) (Notes 9 、 10 、 13 、 16 、 17 、 18 and 22)	5,844,390 (USD170,898 thousand 、 RMB75,669 thousand)	11,110,949
ELIT	149,087 (USD2,723 thousand 、 RMB13,893 thousand) (Notes 9 and 18)	149,087 (USD2,723 thousand 、 RMB13,893 thousand)	153,529
Evervision TW	681,530 (Notes 15 and 21) (USD21,136 thousand)	681,530 (USD21,136 thousand)	566,161 (Note 14)

- Note 1 : Indirect investment in Mainland China through companies registered in a third region.
- Note 2 : Indirect investment in Mainland China through an existing company registered in a third region.
- Note 3 : Indirect investment in Mainland China through an existing company in Mainland China.
- Note 4 : Except for Everlight China and Everlight Light China, which recognized their gains and losses on investment in accordance with interim financial statements of investees, the gains and losses on investment of the remaining companies were recognized according to the investees' self reported financial statements and the amounts were translated into New Taiwan Dollars at the nine months ended September 30 average exchange rate in 2023.
- Note 5 : Including the investment amount of USD 3,790 thousand approved by Pai yee.
- Note 6 : The amounts were translated into New Taiwan dollars at the exchange rates at the end of the reporting period.
- Note 7 : The difference from the Company's outflow of investment was due to the retained earnings transferred to the capital of Everlight China amounting to USD 3,140 thousand and RMB 65,129 thousand in 2007 and 2015, respectively.
- Note 8 : Including the remittance amounting to USD 10,140 thousand from Guangzhou Everlight to Everlight BVI to be invested in Everlight China by Everlight BVI in 2007.
- Note 9 : The liquidation of Yi Yao was completed in January 2020; the aforesaid investment amounting to USD 48 thousand and RMB 6,462 thousand was included in the Company's accumulated outflow of investment from Taiwan and amounting to USD 723 thousand was included in the ELIT's accumulated outflow of investment from Taiwan.
- Note 10 : The liquidation of Everlight Electronics (Guangzhou) Co., Ltd. was completed in 2011; and the aforesaid investment amounting to USD 3,750 thousand was included in the Company's accumulated outflow of investment from Taiwan.
- Note 11 : The difference from the Company's outflow of investment was due to the amount of USD 4,800 thousand invested in Everlight Lighting China from Everlight China's owned fund.
- Note 12 : Including the gains or losses on investment and ending balance of the carrying value of investment in Everlight Lighting China by Everlight China.
- Note 13 : Shanghai Yaming Lighting Co., Ltd. (Yaming) had been in the process of liquidation in 2020, the aforesaid investment amounting to USD 1,464 thousand was included in the Company's accumulated outflow of investment from Taiwan.
- Note 14 : After the investment of Evervision TW in Mainland China, its net equity decreased due to its capital reduction in 2012. Therefore, the amount in the approval letter from the Investment Commission of Ministry of Economic Affairs is higher than required for the limitation on investment in accordance with the legal authorities.
- Note 15 : Including the investment amount of the factory in Mainland China written off in 2012 amounting to USD 2,750 thousand.
- Note 16 : Including the investments amounting to USD 216 thousand in Inferpoint Touch Solutions (ShenZhen) Limited and Inferpoint Systems (Shenzhen) Limited through Inferpoint Systems Limited, an investee at cost, in Mainland China. The Company sold its equities in December 2013, but had not applied to eliminate the investment amounting to USD 9,475 thousand.
- Note 17 : Everlight Yi Guang Technology (Shanghai) Ltd. had completed its liquidation in April 2014. The aforesaid investment amount included the accumulated outward remittance from the Company for investment amounting to USD 293 thousand.
- Note 18 : The liquidation of ELMS was completed in June 2022; and the above investment amount includes ELIT's accumulated investment amount of USD 2,000 thousand and RMB 13,893 thousand and the Company's accumulated investment amount of USD 1,294 thousand and RMB 15,562 thousand remitted from Taiwan.
- Note 19 : The difference from the Company's outflow of investment was due to the amount of RMB 45,000 thousand invested in Everlight Electronic (Guangzhou) from Everlight China's owned fund.
- Note 20 : Including the gains or losses on investment and ending balance of the carrying value of investment in Everlight Electronic (Guangzhou) by Everlight China.
- Note 21 : The liquidation of Debao was completed in June 2017; and the aforesaid investment amounting to USD 386 thousand was included in the Evervision company's accumulated outflow of investment from Taiwan.
- Note 22 : The liquidation of Everlight Electronics (Fujian) Co.,Ltd. was completed in May 2022; and the above investment amount includes the Company's accumulated investment amount of USD 16,250 thousand and RMB 36,868 thousand remitted by the company from Taiwan.

(iii) Significant transactions:

Please refer to "Information on significant transactions" and "Business relationships and significant intercompany transactions" for the information on significant direct or indirect transactions between the Group and the investee companies in Mainland China for the nine months ended September 30, 2023.