

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 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 June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the changes in equity and cash flows for the six 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 \$4,163,772 thousand and \$4,325,056 thousand, constituting 16% and 15% of the consolidated total assets; and the total liabilities amounting to \$865,763 thousand and \$1,043,106 thousand, constituting 11% and 9% of the consolidated total liabilities as of June 30, 2023 and 2022, respectively; as well as the absolute value of the total comprehensive income (loss) amounting to \$(58,252) thousand, \$45,679 thousand, \$(96,767) thousand and \$103,190 thousand, constituting 24%, 14%, 14% and 9% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2023 and 2022, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of \$239,223 thousand and \$179,131 thousand as of June 30, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$878 thousand, \$(1,931) thousand, \$1,272 thousand and \$(2,381) thousand for the three months and six months ended June 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 June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months then ended, as well as its consolidated cash flows for the six months ended June 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)
August 10, 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.

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

Consolidated Balance Sheets

June 30, 2023, December 31, 2022, and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2023		December 31, 2022		June 30, 2022		Liabilities and Equity		June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 4,336,633	17	4,891,166	19	4,529,537	15	2100	Short-term borrowings (note 6(m))	\$ -	-	537,705	2	1,826,561	6
1110	Current financial assets at fair value through profit or loss (note 6(b))	646,212	3	783,323	3	494,914	2	2130	Current contract liabilities (note 6(v))	18,420	-	16,974	-	71,107	-
1140	Current contract assets (note 6(v))	734	-	-	-	769	-	2170	Notes and accounts payable	3,123,411	12	3,020,048	12	3,895,616	13
1170	Notes and accounts receivable, net (note 6(c))	5,129,440	20	4,711,866	18	6,335,125	21	2180	Accounts payable to related parties (note 7)	136,720	1	180,362	1	245,401	1
1180	Accounts receivable due from related parties, net (notes 6(c) and 7)	70,420	-	56,922	-	38,674	-	2213	Payables on machinery and equipment	163,757	1	279,080	1	443,875	2
1310	Inventories (note 6(e))	869,353	3	1,088,402	4	1,579,844	5	2216	Dividends payable (note 6(t))	1,120,748	5	-	-	1,564,141	5
1470	Other current assets	276,333	1	277,319	1	444,600	2	2230	Current tax liabilities	637,724	2	682,777	3	688,731	3
1476	Other current financial assets (notes 6(a), 6(c), 6(d), 6(l) and 8)	5,703,755	22	4,907,113	19	6,276,331	21	2250	Current provisions (note 6(n))	259,993	1	257,225	1	71,996	-
		17,032,880	66	16,716,111	64	19,699,794	66	2280	Current lease liabilities (note 6(q))	41,629	-	36,399	-	39,970	-
								2300	Other current liabilities (notes 6(b) and 6(o))	1,484,197	6	1,629,351	6	1,755,352	6
								2322	Long-term borrowings, current portion (note 6(p))	-	-	-	-	26,592	-
										6,986,599	28	6,639,921	26	10,629,342	36
Non-current assets:								Non-Current liabilities:							
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	37,474	-	29,198	-	37,408	-	2527	Non-current contract liabilities (note 6(v))	50	-	1,733	-	45	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(y))	18,363	-	18,363	-	-	-	2540	Long-term borrowings (note 6(p))	8,628	-	9,372	-	61,593	-
1550	Investments accounted for using the equity method, net (note 6(f))	239,223	1	202,872	1	179,131	1	2550	Non-current provisions (note 6(n))	-	-	-	-	45,733	-
1560	Non-current contract assets (note 6(v))	144,410	1	56,673	-	37,200	-	2570	Deferred tax liabilities	87,592	-	90,842	-	73,855	-
1600	Property, plant and equipment (note 6(j))	6,536,548	25	7,073,869	27	7,438,400	25	2580	Non-current lease liabilities (note 6(q))	308,689	1	310,159	1	294,028	1
1755	Right-of-use assets (note 6(k))	422,397	2	424,905	2	416,489	1	2640	Non-current provisions for employee benefit	41,429	-	48,573	-	70,023	-
1780	Intangible assets	36,706	-	36,842	-	52,121	-	2600	Other non-current liabilities	291,333	1	282,226	1	230,799	1
1840	Deferred tax assets	639,035	2	639,043	2	532,657	2			737,721	2	742,905	2	776,076	2
1900	Other non-current assets	135,431	-	149,184	1	172,891	1		Total liabilities	7,724,320	30	7,382,826	28	11,405,418	38
1980	Non-current other financial assets (notes 6(a), 6(c) and 8)	752,166	3	767,118	3	1,139,450	4	Equity:							
		8,961,753	34	9,398,067	36	10,005,747	34	Equity attributable to owners of parent (note 6(t)):							
								3110	Ordinary shares	4,433,931	17	4,433,931	17	4,433,931	15
								3200	Capital surplus (note 6(f))	9,090,422	35	9,094,168	35	9,094,172	31
									Retained earnings:						
								3310	Legal reserve	3,061,434	12	2,936,466	11	2,936,466	10
								3320	Special reserve	677,359	3	863,833	3	863,833	3
								3350	Unappropriated retained earnings	1,585,093	6	1,706,543	7	1,314,944	4
										5,323,886	21	5,506,842	21	5,115,243	17
								3400	Other equity interests	(936,285)	(4)	(677,359)	(3)	(677,481)	(2)
										17,911,954	69	18,357,582	70	17,965,865	61
								3610	Non-controlling interests	358,359	1	373,770	2	334,258	1
									Total equity	18,270,313	70	18,731,352	72	18,300,123	62
Total assets		\$ 25,994,633	100	26,114,178	100	29,705,541	100	Total liabilities and equity		\$ 25,994,633	100	26,114,178	100	29,705,541	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 six months ended June 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 June 30				For the six months ended June 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(v) and 7)	\$ 4,403,475	100	5,138,033	100	8,886,208	100	10,653,927	100
5110	Cost of sales (notes 6(e), 6(r), 7 and 12)	<u>3,172,306</u>	<u>72</u>	<u>3,658,980</u>	<u>71</u>	<u>6,267,105</u>	<u>70</u>	<u>7,651,591</u>	<u>72</u>
5900	Gross profit	<u>1,231,169</u>	<u>28</u>	<u>1,479,053</u>	<u>29</u>	<u>2,619,103</u>	<u>30</u>	<u>3,002,336</u>	<u>28</u>
Operating expenses (notes 6(r), 7 and 12):									
6100	Selling expenses	239,718	6	319,545	6	479,561	5	657,688	6
6200	Administrative expenses	421,365	10	468,582	9	833,190	10	958,759	9
6300	Research and development expenses	191,921	4	183,411	4	383,699	4	361,402	4
6450	Expected credit loss (reversal gain) (note 6(c))	<u>(5,764)</u>	<u>-</u>	<u>84,502</u>	<u>2</u>	<u>(2,272)</u>	<u>-</u>	<u>120,275</u>	<u>1</u>
		<u>847,240</u>	<u>20</u>	<u>1,056,040</u>	<u>21</u>	<u>1,694,178</u>	<u>19</u>	<u>2,098,124</u>	<u>20</u>
6900	Net operating income	<u>383,929</u>	<u>8</u>	<u>423,013</u>	<u>8</u>	<u>924,925</u>	<u>11</u>	<u>904,212</u>	<u>8</u>
Non-operating income and expenses:									
7100	Interest income (note 6(x))	45,532	1	29,394	-	84,649	1	54,371	-
7190	Other income (note 6(q))	49,226	1	70,491	2	73,091	1	97,884	1
7210	Net gain (losses) on disposals of property, plant and equipment	38,412	1	(115)	-	37,938	-	(678)	-
7225	Losses on disposals of investments, net (note 6(i))	-	-	(16,861)	-	-	-	(16,861)	-
7235	Losses on financial assets (liabilities) at fair value through profit or loss, net	(47,057)	(1)	(38,012)	(1)	(30,067)	-	(34,235)	-
7050	Finance costs (notes 6(q) and 6(x))	(1,962)	-	(15,017)	-	(6,709)	-	(26,233)	-
7590	Other expenses and losses	(1,187)	-	(1,377)	-	(5,941)	-	(3,253)	-
7630	Foreign exchange gains, net (note 6(y))	148,876	3	112,218	2	122,994	1	199,608	2
7770	Share of profit (loss) of associates and joint ventures accounted for using the equity method (note 6(f))	<u>3,553</u>	<u>-</u>	<u>(1,931)</u>	<u>-</u>	<u>4,284</u>	<u>-</u>	<u>(2,381)</u>	<u>-</u>
		<u>235,393</u>	<u>5</u>	<u>138,790</u>	<u>3</u>	<u>280,239</u>	<u>3</u>	<u>268,222</u>	<u>3</u>
7900	Profit before tax	619,322	13	561,803	11	1,205,164	14	1,172,434	11
7950	Less: Income tax expenses (note 6(s))	<u>143,521</u>	<u>3</u>	<u>133,270</u>	<u>3</u>	<u>259,248</u>	<u>3</u>	<u>266,212</u>	<u>3</u>
	Profit	<u>475,801</u>	<u>10</u>	<u>428,533</u>	<u>8</u>	<u>945,916</u>	<u>11</u>	<u>906,222</u>	<u>8</u>
8300	Other comprehensive income:								
8360	Items that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(235,426)	(5)	(100,167)	(2)	(262,591)	(3)	194,063	2
8399	Less: income tax related to items that will be reclassified to profit or loss (note 6(s))	<u>1,391</u>	<u>-</u>	<u>3,824</u>	<u>-</u>	<u>3,418</u>	<u>-</u>	<u>4,333</u>	<u>-</u>
		<u>(236,817)</u>	<u>(5)</u>	<u>(103,991)</u>	<u>(2)</u>	<u>(266,009)</u>	<u>(3)</u>	<u>189,730</u>	<u>2</u>
8300	Other comprehensive income	<u>(236,817)</u>	<u>(5)</u>	<u>(103,991)</u>	<u>(2)</u>	<u>(266,009)</u>	<u>(3)</u>	<u>189,730</u>	<u>2</u>
	Total comprehensive income	<u>\$ 238,984</u>	<u>5</u>	<u>324,542</u>	<u>6</u>	<u>\$ 679,907</u>	<u>8</u>	<u>1,095,952</u>	<u>10</u>
	Profit, attributable to:								
8610	Owners of parent	\$ 464,345	10	394,559	7	\$ 925,527	11	858,079	8
8620	Non-controlling interests	<u>11,456</u>	<u>-</u>	<u>33,974</u>	<u>1</u>	<u>20,389</u>	<u>-</u>	<u>48,143</u>	<u>-</u>
		<u>\$ 475,801</u>	<u>10</u>	<u>428,533</u>	<u>8</u>	<u>\$ 945,916</u>	<u>11</u>	<u>906,222</u>	<u>8</u>
	Total comprehensive income attributable to:								
8710	Owners of parent	\$ 236,662	5	296,321	6	\$ 666,601	8	1,044,430	10
8720	Non-controlling interests	<u>2,322</u>	<u>-</u>	<u>28,221</u>	<u>-</u>	<u>13,306</u>	<u>-</u>	<u>51,522</u>	<u>-</u>
		<u>\$ 238,984</u>	<u>5</u>	<u>324,542</u>	<u>6</u>	<u>\$ 679,907</u>	<u>8</u>	<u>1,095,952</u>	<u>10</u>
	Earnings per share (note 6(u))								
9750	Basic earnings per share	<u>\$ 1.05</u>		<u>0.89</u>		<u>\$ 2.09</u>		<u>1.94</u>	
9850	Diluted earnings per share	<u>\$ 1.04</u>		<u>0.88</u>		<u>\$ 2.07</u>		<u>1.92</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 six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Retained earnings					Other equity interest			Total equity attributable to owners of parent	Non-controlling interests	Total equity
						Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total			
Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated 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	
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	-	-	-	-	858,079	-	-	-	858,079	48,143	906,222
Other comprehensive income for the period	-	-	-	-	-	186,351	-	186,351	186,351	3,379	189,730
Total comprehensive income for the period	-	-	-	-	858,079	186,351	-	186,351	1,044,430	51,522	1,095,952
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	-	199	-	-	-	-	-	-	199	-	199
Balance at June 30, 2022	\$ 4,433,931	9,094,172	2,936,466	863,833	1,314,944	(677,481)	-	(677,481)	17,965,865	334,258	18,300,123
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	-	-	-	-	925,527	-	-	-	925,527	20,389	945,916
Other comprehensive income for the period	-	-	-	-	-	(258,926)	-	(258,926)	(258,926)	(7,083)	(266,009)
Total comprehensive income for the period	-	-	-	-	925,527	(258,926)	-	(258,926)	666,601	13,306	679,907
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 June 30, 2023	\$ 4,433,931	9,090,422	3,061,434	677,359	1,585,093	(923,416)	(12,869)	(936,285)	17,911,954	358,359	18,270,313

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 six months ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,205,164	1,172,434
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization expense	607,454	754,419
Expected credit loss (reversal gain)	(2,272)	120,275
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	36,506	(2,557)
Interest expense	6,709	26,233
Interest income	(84,649)	(54,371)
Share of (profit) loss of associates and joint ventures accounted for using the equity method	(4,284)	2,381
Net loss (gain) on disposal of property, plant and equipment	(37,938)	678
Loss on disposal of investments	-	16,861
Others	(1)	673
Total adjustments to reconcile profit (loss)	<u>521,525</u>	<u>864,592</u>
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss, mandatorily measured at fair value	111,144	730,892
Decrease (increase) in contract assets	(88,471)	1,222
Decrease (increase) in notes and accounts receivable (including related parties)	(444,415)	533,880
Decrease in inventories	219,049	106,721
Decrease in other current assets	770	119,826
Increase (decrease) in notes and accounts payable (including related parties)	59,721	(949,663)
Decrease in provisions	(8,850)	(25,254)
Decrease in other current liabilities	(163,594)	(219,564)
Decrease in net defined benefit liabilities	(7,144)	(19,727)
Increase (decrease) in current contract liabilities	(237)	2,855
Others	6,514	(4,707)
Total changes in operating assets and liabilities	<u>(315,513)</u>	<u>276,481</u>
Cash inflow generated from operations	1,411,176	2,313,507
Interest received	82,145	56,746
Interest paid	(7,084)	(24,233)
Income taxes paid	(304,085)	(120,370)
Net cash flows from operating activities	<u>1,182,152</u>	<u>2,225,650</u>
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using the equity method	(39,028)	(90,300)
Acquisition of property, plant and equipment	(258,674)	(610,050)
Proceeds from disposal of property, plant and equipment	64,656	3,735
Decrease (increase) in refundable deposits	6,656	(3,692)
Acquisition of intangible assets	(26,111)	(24,824)
Increase in other financial assets	(812,258)	(906,651)
Decrease in restricted deposits	48,687	25,793
Others	6,907	17,381
Net cash flows used in investing activities	<u>(1,009,165)</u>	<u>(1,588,608)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(537,705)	(663,399)
Repayments of long-term borrowings	-	(13,863)
Increase in guarantee deposits received	15,189	14,337
Payment of lease liabilities	(22,200)	(23,866)
Change in non-controlling interests	(16,452)	(31,009)
Other financing activities	203	199
Net cash flows used in financing activities	<u>(560,965)</u>	<u>(717,601)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(166,555)</u>	<u>95,945</u>
Net (decrease) increase in cash and cash equivalents	(554,533)	15,386
Cash and cash equivalents at beginning of period	4,891,166	4,514,151
Cash and cash equivalents at end of period	<u><u>\$ 4,336,633</u></u>	<u><u>4,529,537</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

June 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 August 10, 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"

(Continued)

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments ¹ , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”

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

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS12 “International Tax Reform – Pillar Two Model Rules”

(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.

List of subsidiaries in the consolidated financial statements:

Investor	Name of subsidiary	Nature of business	Percentage of ownership			Description
			June 30, 2023	December 31, 2022	June 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

(Continued)

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

Investor	Name of subsidiary	Nature of business	Percentage of ownership			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
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
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

(Continued)

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

Investor	Name of subsidiary	Nature of business	Percentage of ownership			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
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 as of the reporting date.

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

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

Note 4: Non-significant subsidiary, its financial statements for the six months ended June 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 as of the reporting date.

(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.

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.

(Continued)

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

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

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

The preparation of the consolidated 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

	June 30, 2023	December 31, 2022	June 30, 2022
Cash, checking accounts, and demand deposits	\$ 2,071,534	2,620,334	2,706,242
Time deposits	2,265,099	2,070,832	1,673,277
Bills and bonds purchased under resale agreements	-	200,000	150,018
	<u>\$ 4,336,633</u>	<u>4,891,166</u>	<u>4,529,537</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 \$4,931,174, \$4,166,562 and \$5,541,465 as of June 30, 2023, December 31 and June 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 \$266,183 as of June 30, 2023, December 31 and June 30, 2022, respectively.
- (ii) Please refer to note 6(y) 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

	June 30, 2023	December 31, 2022	June 30, 2022
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging	\$ 629	28,557	5,258
Listed convertible bonds	8,589	30,790	30,680
Structured deposits and financial products	368,587	581,035	312,054
Beneficiary certificate-funds	173,709	84,922	84,579
Stocks listed on domestic markets	94,698	58,019	62,343
Unlisted stocks	37,474	29,198	37,408
	<u>\$ 683,686</u>	<u>812,521</u>	<u>532,322</u>
Current	\$ 646,212	783,323	494,914
Non-current	37,474	29,198	37,408
	<u>\$ 683,686</u>	<u>812,521</u>	<u>532,322</u>
	June 30, 2023	December 31, 2022	June 30, 2022
Current financial liabilities held-for-trading (recorded as other current liabilities):			
Derivative instruments not used for hedging	\$ 27,027	8,212	11,819
	<u>\$ 27,027</u>	<u>8,212</u>	<u>11,819</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

June 30, 2023				
	Contract amount (in thousands)		Currency	Maturity date
Financial assets:				
Forward exchange sold	USD	1,000	USD to TWD	2023.09.07
Forward exchange sold	EUR	1,500	EUR to USD	2023.07.11~2023.09.07
Financial liabilities:				
Forward exchange sold	USD	31,000	USD to TWD	2023.07.06~2023.09.07
Forward exchange sold	USD	16,000	USD to RMB	2023.07.06~2023.09.12
Forward exchange sold	EUR	2,000	EUR to USD	2023.07.18~2023.08.17
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
June 30, 2022				
	Contract amount (in thousands)		Currency	Maturity date
Financial assets:				
Forward exchange sold	USD	3,000	USD to TWD	2022.08.11~2022.09.08
Forward exchange sold	USD	7,000	USD to RMB	2022.07.14~2022.08.25
Forward exchange sold	EUR	3,300	EUR to USD	2022.07.07~2022.10.13
Financial liabilities:				
Forward exchange sold	USD	27,000	USD to TWD	2022.07.07~2022.09.15
Forward exchange sold	USD	2,000	USD to RMB	2022.08.23~2022.08.30

(Continued)

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

2) Other derivative financial instrument contracts

June 30, 2023			
Contract amount (in thousands)		Rate	Maturity period
Financial assets:			
RMB	85,000	1.40%~3.24%	2023.09.20~2023.11.23
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
June 30, 2022			
Contract amount (in thousands)		Rate	Maturity period
Financial assets:			
RMB	70,000	3.20%~3.30%	2022.07.07~2022.11.18

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

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

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable from operating activities	\$ 2,194	2,460	5,040
Accounts receivable-measured as amortized cost	6,165,436	5,753,810	7,304,774
	6,167,630	5,756,270	7,309,814
Less: Allowance for uncollectible accounts	(408,211)	(443,538)	(293,066)
	\$ 5,759,419	5,312,732	7,016,748
Notes and accounts receivable, net	\$ 5,129,440	4,711,866	6,335,125
Accounts receivable due from related parties, net	70,420	56,922	38,674
Long-term receivables (recorded as other non-current financial assets)	559,559	543,944	642,949
	\$ 5,759,419	5,312,732	7,016,748

(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:

	June 30, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Not overdue	\$ 4,529,907	0.360%	16,325
Overdue 0-90 days	40,518	30.799%	12,479
Overdue 91-180 days	10,535	78.054%	8,223
Overdue 181-270 days	8,995	90.584%	8,148
Overdue 271-365 days	32,607	100%	32,607
Overdue over one year	244,059	100%	244,059
	\$ 4,866,621		321,841

	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

	June 30, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Not overdue	\$ 5,386,041	0.662%	35,669
Overdue 0-90 days	27,119	32.158%	8,721
Overdue 91-180 days	46,809	41.154%	19,264
Overdue 181-270 days	64,971	59.137%	38,422
Overdue 271-365 days	3,452	99.276%	3,427
Overdue over one year	165,732	100%	165,732
	\$ 5,694,124		271,235

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

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

June 30, 2023			
Credit rating	Gross carrying amount	Weighted-average loss rate	Loss allowance
Rating A	\$ 1,216,051	0.162%	1,965
Rating B	84,958	99.349%	84,405
	\$ 1,301,009		86,370
	Gross carrying amount		
Not overdue	\$ 1,171,605		
Overdue 0-90 days	44,446		
Overdue 271-365 days	556		
Overdue over one year	84,402		
	\$ 1,301,009		
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
	\$ 1,144,199		84,737
	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		
	\$ 1,144,199		
June 30, 2022			
Credit rating	Gross carrying amount	Weighted-average loss rate	Loss allowance
Rating A	\$ 1,604,754	0.703%	11,281
Rating B	10,936	96.470%	10,550
	\$ 1,615,690		21,831

(Continued)

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

	Gross carrying amount
Not overdue	\$ 1,438,364
Overdue 0-90 days	156,343
Overdue 91-180 days	7,702
Overdue 181-270 days	2,345
Overdue 271-365 days	4,666
Overdue over one year	<u>6,270</u>
	<u>\$ 1,615,690</u>

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

	For the six months ended June 30,	
	2023	2022
Balance on January 1	\$ 443,538	173,403
Impairment loss (reversed) recognized	(2,272)	120,275
Amounts written off	(36,154)	(482)
Effects of foreign exchange	<u>3,099</u>	<u>(130)</u>
Balance on June 30	<u>\$ 408,211</u>	<u>293,066</u>

- (iii) The Group entered into an account receivable factoring agreement with certain banks as of June 30, 2022, wherein the Group is not responsible for any inability of repayment by accounts receivable during the debt transfer and repayment period. As for the factoring of AR, the Group will receive prepayment and compensated deposit amounts in accordance with the factoring agreement un which the Group will pay interest to the bank, calculated based on the agreed interest rate for the repayment period made by the customer. Furthermore, the compensated deposit amount cannot be withdrawn prior to the repayment made by the customer, and the remaining amount as well as the pledged deposit will be received from the banks upon the actual payment from the customer and will also be recorded under the bank accounts. In addition, the Group has to pay the transaction fee at a certain percentage. As of June 30, 2022, the compensated deposits amounting to \$33,402, was recorded under other current financial assets.

The Group did not enter into an accounts receivable factoring agreement with banks as of June 30, 2023 and December 31, 2022.

(Continued)

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

As of June 30, 2022, the details of the factored accounts receivable were as follows:

June 30, 2022					
Amount of sold A/R	Limitation amount	Amount advanced unpaid	Advance amount paid	Amount derecognized	Interest rate
<u>\$ 47,186</u>	<u>316,647</u>	<u>-</u>	<u>47,186</u>	<u>47,186</u>	<u>3.5%</u>

(iv) As of June 30, 2023, December 31 and June 30, 2022, the Group did not provide any notes and accounts receivable as collateral for its loans. Furthermore, the Group provided part of its bank deposits (recorded as other current financial assets) as collateral for the factoring of accounts receivable as of June 30, 2022. Please refer to note 8 for details.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Other accounts receivable	\$ 173,758	123,608	113,212
Less: Loss allowance	<u>(64,535)</u>	<u>(64,535)</u>	<u>(53,039)</u>
	<u>\$ 109,223</u>	<u>59,073</u>	<u>60,173</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:

	June 30, 2023	
	Lifetime ECL- not credit- impaired	Lifetime ECL- credit-impaired
Not overdue	\$ 109,223	-
Overdue	<u>-</u>	<u>64,535</u>
Gross carrying amount	109,223	64,535
Impairment losses	<u>-</u>	<u>(64,535)</u>
Carrying amount	<u>\$ 109,223</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>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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	<u>June 30, 2022</u>	
	<u>Lifetime ECL- not credit- impaired</u>	<u>Lifetime ECL- credit-impaired</u>
Not overdue	\$ 60,173	53,039
Overdue	-	-
Gross carrying amount	60,173	53,039
Impairment losses	-	(53,039)
Carrying amount	<u>\$ 60,173</u>	<u>-</u>

The movements in the allowance for impairment loss with respect to other receivable were as follows:

	<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Balance of January 1	\$ 64,535	35,762
Write-off provisions	-	17,277
Balance of June 30	<u>\$ 64,535</u>	<u>53,039</u>

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

(e) Inventories

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Raw materials	\$ 170,073	195,136	294,542
Work in progress	255,746	291,651	268,023
Finished goods	443,534	601,615	1,017,279
	<u>\$ 869,353</u>	<u>1,088,402</u>	<u>1,579,844</u>

The inventory cost (excluding construction cost) recognized as cost of sales amounted to \$3,121,108, \$3,596,031, \$6,219,164 and \$7,549,916 for the three months and six months ended June 30, 2023 and 2022, respectively.

The write-down of the inventories to net realizable value amounted to \$22,060, \$40,833 and \$30,569 which were recorded as cost of sales for the three months ended June 30, 2023 and 2022, and the six months ended June 30, 2022, respectively. The Group reversed its allowance for inventory valuation and obsolescence loss amounting to \$2,819 for the six months ended June 30, 2023, and recorded that 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 June 30, 2023, December 31 and June 30, 2022, the Group did not provide any inventories as collateral for its loans.

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(f) 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Associates	\$ <u>239,223</u>	<u>202,872</u>	<u>179,131</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
The carrying amount of equity of the individually insignificant associates	\$ <u>239,223</u>	<u>202,872</u>	<u>179,131</u>

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Attributable to the Group:				
Profit (loss) from continuing operations	\$ 3,553	(1,931)	4,284	(2,381)
Other comprehensive income	(2,675)	-	(3,012)	-
	<u>\$ 878</u>	<u>(1,931)</u>	<u>1,272</u>	<u>(2,381)</u>

- (iii) Except as described below, there were no significant changes in the investments accounted for using the equity method of the Group for the six months ended June 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.

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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- (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) Pledges

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

- (vii) 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.

- (g) Joint operation

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

- (h) Changes in a parent's ownership interest in a subsidiary

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

- (i) Loss control of subsidiaries

Except as described below, there were no significant changes in loss control of subsidiaries for the six months ended June 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.

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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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>

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

(j) Property, plant and equipment

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

	<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>
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	-	30,827	45,546	45,422	5,891	15,665	143,351
Add: reclassification	-	304	37,019	5,042	(49)	(48,640)	(6,324)
Less: sales	-	-	(59,954)	(5,509)	(197)	-	(65,660)
Less: retirement	-	(47)	(50,295)	(16,357)	(13,027)	-	(79,726)
Effect of movements in exchange rate	<u>1,592</u>	<u>(93,066)</u>	<u>(231,674)</u>	<u>(25,918)</u>	<u>(22,624)</u>	<u>(2,390)</u>	<u>(374,080)</u>
Balance on June 30, 2023	<u><u>\$ 643,540</u></u>	<u><u>8,439,053</u></u>	<u><u>13,402,202</u></u>	<u><u>1,807,722</u></u>	<u><u>1,248,757</u></u>	<u><u>73,601</u></u>	<u><u>25,614,875</u></u>

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

						Constructio ns in progress and testing equip	
	Land	Buildings and construction	Machinery and equipment	Modeling equipment	Office and other equipment		Total
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	-	24,132	264,285	27,550	38,882	67,210	422,059
Add: reclassification	-	2,087	68,531	113	600	(45,789)	25,542
Less: sales	-	-	(6,084)	(627)	-	-	(6,711)
Less: retirement	-	(980)	(22,877)	(23,438)	(14,738)	-	(62,033)
Effect of movements in exchange rate	(459)	57,205	127,791	14,753	14,941	705	214,936
Balance on June 30, 2022	<u>\$ 639,921</u>	<u>8,461,151</u>	<u>13,718,327</u>	<u>1,813,330</u>	<u>1,257,271</u>	<u>95,191</u>	<u>25,985,191</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	-	120,792	335,139	70,265	29,491	-	555,687
Less: sales	-	-	(38,188)	(1,766)	(170)	-	(40,124)
Less: retirement	-	(42)	(49,647)	(16,257)	(12,598)	-	(78,544)
Effect of movements in exchange rate	-	(69,693)	(182,844)	(19,022)	(10,578)	-	(282,137)
Balance on June 30, 2023	<u>\$ -</u>	<u>4,918,944</u>	<u>11,797,185</u>	<u>1,471,286</u>	<u>890,912</u>	<u>-</u>	<u>19,078,327</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	-	154,071	426,918	82,540	33,134	-	696,663
Less: sales	-	-	(3,929)	(12)	-	-	(3,941)
Less: retirement	-	(701)	(22,470)	(23,273)	(13,946)	-	(60,390)
Effect of movements in exchange rate	-	40,936	95,134	10,125	8,367	-	154,562
Balance on June 30, 2022	<u>\$ -</u>	<u>4,700,496</u>	<u>11,533,076</u>	<u>1,450,177</u>	<u>863,042</u>	<u>-</u>	<u>18,546,791</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 June 30, 2023	<u>\$ 643,540</u>	<u>3,520,109</u>	<u>1,605,017</u>	<u>336,436</u>	<u>357,845</u>	<u>73,601</u>	<u>6,536,548</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 June 30, 2022	<u>\$ 639,921</u>	<u>3,760,655</u>	<u>2,185,251</u>	<u>363,153</u>	<u>394,229</u>	<u>95,191</u>	<u>7,438,400</u>

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

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

(k) 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	-	23,432	1,618	25,050
Disposal and cancellation	(2,719)	(20,053)	(5,792)	(28,564)
Effect of changes in foreign exchange rates	(3,417)	1,119	350	(1,948)
Balance on June 30, 2023	<u>\$ 369,784</u>	<u>119,111</u>	<u>41,092</u>	<u>529,987</u>
Balance on January 1, 2022	\$ 354,116	83,585	45,044	482,745
Additions	19,546	14,047	7,556	41,149
Disposal and cancellation	-	(5,678)	(5,721)	(11,399)
Effect of changes in foreign exchange rates	2,017	1,613	(207)	3,423
Balance on June 30, 2022	<u>\$ 375,679</u>	<u>93,567</u>	<u>46,672</u>	<u>515,918</u>
Accumulated depreciation and impairment losses:				
Balance on January 1, 2023	\$ 44,131	51,004	15,409	110,544
Depreciation for the year	5,548	14,404	5,487	25,439
Disposal and cancellation	(2,618)	(20,053)	(5,792)	(28,463)
Effect of changes in foreign exchange rates	(442)	437	75	70
Balance on June 30, 2023	<u>\$ 46,619</u>	<u>45,792</u>	<u>15,179</u>	<u>107,590</u>
Balance on January 1, 2022	\$ 32,448	30,599	20,019	83,066
Depreciation for the year	5,737	14,059	6,533	26,329
Disposal and cancellation	-	(5,678)	(4,558)	(10,236)
Effect of changes in foreign exchange rates	179	877	(786)	270
Balance on June 30, 2022	<u>\$ 38,364</u>	<u>39,857</u>	<u>21,208</u>	<u>99,429</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 June 30, 2023	<u>\$ 323,165</u>	<u>73,319</u>	<u>25,913</u>	<u>422,397</u>
Balance on January 1, 2022	<u>\$ 321,668</u>	<u>52,986</u>	<u>25,025</u>	<u>399,679</u>
Balance on June 30, 2022	<u>\$ 337,315</u>	<u>53,710</u>	<u>25,464</u>	<u>416,489</u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(l) Other current financial assets

	June 30, 2023	December 31, 2022	June 30, 2022
Time deposits with maturities over three months	\$ 4,931,174	4,166,562	5,541,465
Restricted time deposits	663,358	681,478	641,291
Restricted deposits	-	-	33,402
Other receivables	109,223	59,073	60,173
	<u>\$ 5,703,755</u>	<u>4,907,113</u>	<u>6,276,331</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.

As of June 30, 2022, the Group had provided parts of financial assets as collateral for the factoring of accounts receivable and guarantee for contract grant; please refer to note 8 for more information.

(m) Short-term borrowings

The short-term borrowings are summarized as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loans	\$ -	537,705	1,826,561
Unused short-term credit lines	<u>\$ 18,608,998</u>	<u>19,488,379</u>	<u>13,411,048</u>
Annual interest rates	<u>1.72%</u>	<u>0.60%~2.96%</u>	<u>0.60%~2.55%</u>

(i) For information on the Group's interest risk, foreign currency risk, and liquidity risk, please refer to note 6(y) for details.

(ii) The Group did not provide any assets as collateral for its loans.

(n) Provisions

(i) The carrying amounts of the provisions of the Group were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Provision - current	\$ 259,993	257,225	71,996
Provision - non-current	-	-	45,733
	<u>\$ 259,993</u>	<u>257,225</u>	<u>117,729</u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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- (ii) The movements in provisions of the Group for the six months ended June 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	(2,768)	-	(2,768)
Effect of changes in foreign exchange rates	-	5,536	5,536
Balance on June 30, 2023	<u><u>\$ 107,164</u></u>	<u><u>152,829</u></u>	<u><u>259,993</u></u>
Balance on January 1, 2022	\$ 129,829	-	129,829
Provision made during the year	6,843	-	6,843
Provision reversed during the year	(18,943)	-	(18,943)
Balance on June 30, 2022	<u><u>\$ 117,729</u></u>	<u><u>-</u></u>	<u><u>117,729</u></u>

- (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 June 30, 2023, December 31 and June 30, 2022, were \$89,777, \$89,777 and \$96,836, respectively.

- (o) Other current liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Refund liabilities – current	\$ 39,794	51,316	45,275
Derivative instruments not used for hedging	27,027	8,212	11,819
Wages and salaries payable	165,495	157,775	243,390
Other payables	736,692	704,469	825,504
Others	515,189	707,579	629,364
	<u><u>\$ 1,484,197</u></u>	<u><u>1,629,351</u></u>	<u><u>1,755,352</u></u>

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

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

(p) Long-term borrowings

The details were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loans	\$ 8,628	9,372	88,185
Less: current portion	-	-	(26,592)
Total	<u><u>\$ 8,628</u></u>	<u><u>9,372</u></u>	<u><u>61,593</u></u>
Unused long-term credit lines	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Range of interest rates	<u><u>0.00%~0.90%</u></u>	<u><u>0.00%~0.90%</u></u>	<u><u>0.00%~25.05%</u></u>

- (i) For information on the Group's interest risk and liquidity risk, please refer to Note 6(y) for details.
- (ii) The Group did not provide any assets as collateral for its loans as of June 30, 2023, December 31 and June 30, 2022. The Group provided parts of bank deposits (recorded as other non-current financial assets) as a reserve for long-term borrowings on June 30, 2022. Please refer to Note 8 for details.
- (iii) There were no significant issues, repurchases, and repayments of long-term borrowings for the six months ended June 30, 2023 and 2022. Information on interest expense for the period is discussed in Note 6(x). Please refer to Note 6(p) of the 2022 annual consolidated financial statements for other related information.

(q) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Current	\$ <u><u>41,629</u></u>	<u><u>36,399</u></u>	<u><u>39,970</u></u>
Non-current	<u><u>\$ 308,689</u></u>	<u><u>310,159</u></u>	<u><u>294,028</u></u>

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

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interest on lease liabilities	\$ <u>1,900</u>	<u>1,550</u>	<u>3,757</u>	<u>3,064</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>1,867</u>	<u>1,423</u>	<u>3,184</u>	<u>2,807</u>
Expenses relating to short-term leases	\$ <u>2,487</u>	<u>16,527</u>	<u>4,514</u>	<u>23,563</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>123</u>	<u>37</u>	<u>271</u>	<u>114</u>
Covid-19-related rent concessions (recognized in other income)	\$ <u>-</u>	<u>435</u>	<u>-</u>	<u>870</u>

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

	For the six months ended June 30,	
	2023	2022
Total cash outflow for leases	\$ <u>33,926</u>	<u>52,544</u>

(i) Real estate leases

For the six months ended June 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.

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.

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

(r) 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 June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Cost of sales and operating expenses \$	<u>684</u>	<u>542</u>	<u>1,335</u>	<u>1,112</u>

(ii) Defined contribution plans

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Cost of sales and operating expenses \$	<u>33,207</u>	<u>48,084</u>	<u>65,370</u>	<u>86,216</u>

(s) 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 June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Current tax expense	<u>\$ 143,521</u>	<u>133,270</u>	<u>259,248</u>	<u>266,212</u>

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Exchange differences on translating foreign operations	<u>\$ 1,391</u>	<u>3,824</u>	<u>3,418</u>	<u>4,333</u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(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.

(t) Capital and other equities

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

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

(i) Capital surplus

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

	June 30, 2023	December 31, 2022	June 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	1,463	1,260	1,264
	<u>\$ 9,090,422</u>	<u>9,094,168</u>	<u>9,094,172</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.

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

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>

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	(258,926)	-	(258,926)
Balance on June 30, 2023	<u>\$ (923,416)</u>	<u>(12,869)</u>	<u>(936,285)</u>
Balance of January 1, 2022	\$ (863,832)	-	(863,832)
Foreign exchange differences:			
The Group	174,190	-	174,190
Disposal of other equity in foreign operations reclassified to profit or loss	12,161	-	12,161
Balance on June 30, 2022	<u>\$ (677,481)</u>	<u>-</u>	<u>(677,481)</u>

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(u) Earnings per share

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	<u>\$ 464,345</u>	<u>394,559</u>	<u>925,527</u>	<u>858,079</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>
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>\$ 464,345</u>	<u>394,559</u>	<u>925,527</u>	<u>858,079</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>2,602</u>	<u>2,727</u>	<u>3,000</u>	<u>3,420</u>
Weighted-average number of outstanding ordinary shares (thousands) (diluted)	<u>445,995</u>	<u>446,120</u>	<u>446,393</u>	<u>446,813</u>

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30, 2023				
	LED	LCD	Illumination	Others	Total
Primary geographical markets:					
Asia	\$ 3,558,460	28,964	204,696	22,819	3,814,939
Europe	322,543	62,218	-	-	384,761
Others	<u>158,542</u>	<u>45,233</u>	<u>-</u>	<u>-</u>	<u>203,775</u>
	<u>\$ 4,039,545</u>	<u>136,415</u>	<u>204,696</u>	<u>22,819</u>	<u>4,403,475</u>
Major products					
Construction revenue	\$ -	-	59,780	-	59,780
Sales revenue	<u>4,039,545</u>	<u>136,415</u>	<u>144,916</u>	<u>22,819</u>	<u>4,343,695</u>
	<u>\$ 4,039,545</u>	<u>136,415</u>	<u>204,696</u>	<u>22,819</u>	<u>4,403,475</u>

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

For the three months ended June 30, 2022					
	LED	LCD	Illumination	Others	Total
Primary geographical markets:					
Asia	\$ 4,062,435	92,548	156,515	20,278	4,331,776
Europe	376,680	30,320	117,839	-	524,839
Others	232,159	42,217	7,042	-	281,418
	\$ 4,671,274	165,085	281,396	20,278	5,138,033
Major products					
Construction revenue	\$ -	-	59,553	-	59,553
Sales revenue	4,671,274	165,085	221,843	20,278	5,078,480
	\$ 4,671,274	165,085	281,396	20,278	5,138,033
For the six months ended June 30, 2023					
	LED	LCD	Illumination	Others	Total
Primary geographical markets:					
Asia	\$ 7,171,410	69,390	369,725	40,649	7,651,174
Europe	705,598	114,957	-	-	820,555
Others	329,051	85,428	-	-	414,479
	\$ 8,206,059	269,775	369,725	40,649	8,886,208
Major products					
Construction revenue	\$ -	-	96,182	-	96,182
Sales revenue	8,206,059	269,775	273,543	40,649	8,790,026
	\$ 8,206,059	269,775	369,725	40,649	8,886,208
For the six months ended June 30, 2022					
	LED	LCD	Illumination	Others	Total
Primary geographical markets:					
Asia	\$ 8,472,294	156,502	289,033	36,812	8,954,641
Europe	827,894	67,100	312,377	-	1,207,371
Others	385,189	83,149	23,577	-	491,915
	\$ 9,685,377	306,751	624,987	36,812	10,653,927
Major products					
Construction revenue	\$ -	-	118,184	-	118,184
Sales revenue	9,685,377	306,751	506,803	36,812	10,535,743
	\$ 9,685,377	306,751	624,987	36,812	10,653,927

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

(ii) Contract balance

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 2,194	2,460	5,040
Accounts receivables	6,165,436	5,753,810	7,304,774
Less: allowance for impairment	(408,211)	(443,538)	(293,066)
	<u>\$ 5,759,419</u>	<u>5,312,732</u>	<u>7,016,748</u>
Contract assets-illumination	\$ 152,054	63,583	37,969
Less: allowance for impairment	(6,910)	(6,910)	-
	<u>\$ 145,144</u>	<u>56,673</u>	<u>37,969</u>
Contract liabilities-illumination	<u>\$ 50</u>	<u>1,733</u>	<u>45</u>
Contract liabilities-Advance receipt	<u>\$ 18,420</u>	<u>16,974</u>	<u>71,107</u>

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

The amount of revenue recognized for the six months ended June 30, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were \$10,246 and \$12,369, 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.

(w) 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 \$64,422, \$44,735, \$132,554 and \$112,775, and the remuneration to directors amounted to \$6,442, \$5,592, \$12,636 and \$11,777 for the three months ended June 30, 2023 and 2022 and the six months ended June 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.

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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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.

(x) Non-operating income and expenses

The interest income and finance costs were as follows:

(i) Interest income

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Cash in banks	\$ 43,977	28,921	82,521	53,737
Other	1,555	473	2,128	634
	<u>\$ 45,532</u>	<u>29,394</u>	<u>84,649</u>	<u>54,371</u>

(ii) Finance costs – interest expenses

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Loans	\$ 62	13,467	2,952	23,169
Lease liabilities	1,900	1,550	3,757	3,064
	<u>\$ 1,962</u>	<u>15,017</u>	<u>6,709</u>	<u>26,233</u>

(y) 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

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

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

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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>
June 30, 2023					
Non-derivative financial liabilities:					
Notes and accounts payable (including related parties)	\$ 3,260,131	(3,260,131)	(3,260,131)	-	-
Payables on construction and equipment	163,757	(163,757)	(163,757)	-	-
Dividends payable	1,120,748	(1,120,748)	(1,120,748)	-	-
Other payables (recorded as other current liabilities)	1,392,589	(1,392,589)	(1,392,589)	-	-
Lease liabilities (including current and non-current)	350,318	(445,591)	(48,532)	(40,443)	(356,616)
Long-term borrowings (including current portion)	8,628	(8,903)	(871)	(1,297)	(6,735)
Guarantee deposits received	271,601	(271,601)	-	-	(271,601)
Derivative financial liabilities:					
Forward exchange contracts not used for hedging:	27,027				
Outflow	-	(1,531,269)	(1,531,269)	-	-
Inflow	-	1,501,738	1,501,738	-	-
	<u><u>\$ 6,594,799</u></u>	<u><u>(6,692,851)</u></u>	<u><u>(6,016,159)</u></u>	<u><u>(41,740)</u></u>	<u><u>(634,952)</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>
June 30, 2022					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 1,826,561	(1,832,612)	(1,832,612)	-	-
Notes and accounts payable (including related parties)	4,141,017	(4,141,017)	(4,141,017)	-	-
Payables on construction and equipment	443,875	(443,875)	(443,875)	-	-
Dividends payable	1,564,141	(1,564,141)	(1,564,141)	-	-
Other payables (recorded as other current liabilities)	1,689,182	(1,689,182)	(1,689,182)	-	-
Lease liabilities (including current and non-current)	333,998	(431,368)	(45,683)	(32,489)	(353,196)
Long-term borrowings (including current portion)	88,185	(104,099)	(34,827)	(29,528)	(39,744)
Guarantee deposits received	204,972	(204,972)	-	-	(204,972)
Derivative financial liabilities:					
Forward exchange contracts not used for hedging:	11,819				
Outflow	-	(862,054)	(862,054)	-	-
Inflow	-	849,460	849,460	-	-
	<u>\$ 10,303,750</u>	<u>(10,423,860)</u>	<u>(9,763,931)</u>	<u>(62,017)</u>	<u>(597,912)</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>June 30, 2023</u>				<u>December 31, 2022</u>				<u>June 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	\$ 126,323	USD/TWD =31.1350	3,933,067	146,554	USD/TWD =30.7080	4,500,380	141,385	USD/TWD =29.7260	4,202,811		
RMB	615,418	RMB/TWD =4.2939	2,642,543	436,729	RMB/TWD =4.4526	1,944,580	791,038	RMB/TWD =4.4380	3,510,627		
HKD	343,657	HKD/TWD =3.9727	1,365,246	329,017	HKD/TWD =3.9351	1,294,715	398,834	HKD/TWD =3.7882	1,510,863		
Financial liabilities											
Monetary items											
USD	15,066	USD/TWD =31.1350	469,080	22,665	USD/TWD =30.7080	695,966	66,173	USD/TWD =29.7260	1,967,059		
USD	14,565	USD/RMB =7.2510	453,481	17,801	USD/RMB =6.8967	546,633	23,828	USD/RMB =6.6981	708,311		
RMB	824,905	RMB/TWD =4.2939	3,542,060	749,268	RMB/TWD =4.4526	3,336,191	972,682	RMB/TWD =4.4380	4,316,763		

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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, 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 June 30, 2023 and 2022 would have increased (decreased) the profit before tax by \$216,848 for the six months ended June 30, 2023, and increased (decreased) the profit before tax by \$133,986 for the six months ended June 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 June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022, the foreign exchange gains, including both realized and unrealized, amounted to \$148,876, \$112,218, \$122,994 and \$199,608, respectively.

(iv) Interest rate analysis

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

	Carrying amount		
	June 30, 2023	December 31, 2022	June 30, 2022
Variable rate instruments:			
Financial assets	\$ 2,444,121	3,405,339	3,022,296
Financial liabilities	-	(505,705)	(498,586)
	\$ 2,444,121	2,899,634	2,523,710

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.

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

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EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES
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	For the six months ended June 30,	
	2023	2022
Increase by 0.25%	\$ 3,055	3,155
Decrease by 0.25%	(3,055)	(3,155)

(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.

	June 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	\$ 629	-	629	-	629
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>683,057</u>	276,996	406,061	-	683,057
	<u>683,686</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	4,336,633	-	-	-	-
Notes and accounts receivable (including related parties)	5,199,860	-	-	-	-
Other current financial assets	5,703,755	-	-	-	-
Refundable deposits (recorded as other non-current assets)	87,847	-	-	-	-
Other non-current financial assets	<u>752,166</u>	-	-	-	-
	<u>16,080,261</u>				
	<u>\$ 16,782,310</u>				

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June 30, 2023					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities (recorded as other current liabilities)	\$ <u>27,027</u>	-	27,027	-	27,027
Financial liabilities measured at amortized cost:					
Notes and accounts payable (including related parties)	3,260,131	-	-	-	-
Payables on construction and equipment	163,757	-	-	-	-
Dividends payable	1,120,748	-	-	-	-
Lease liabilities	350,318	-	-	-	-
Other current payables (recorded as other current liabilities)	1,392,589	-	-	-	-
Long-term borrowings (including current portion)	8,628	-	-	-	-
Guarantee deposits received (recorded as other non-current liabilities)	<u>271,601</u>	-	-	-	-
	<u>6,567,772</u>				
	<u>\$ 6,594,799</u>				
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

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	December 31, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
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>				

(Continued)

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

	June 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	\$ 5,258	-	5,258	-	5,258
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>527,064</u>	177,602	349,462	-	527,064
	<u>532,322</u>				
Financial assets measured at amortized cost:					
Cash and cash equivalents	4,529,537	-	-	-	-
Notes and accounts receivable (including related parties)	6,373,799	-	-	-	-
Other current financial assets	6,276,331	-	-	-	-
Refundable deposits (recorded as other non-current assets)	123,315	-	-	-	-
Other non-current financial assets	<u>1,139,450</u>	-	-	-	-
	<u>18,442,432</u>				
	<u>\$ 18,974,754</u>				
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities (recorded as other current liabilities)	\$ <u>11,819</u>	-	11,819	-	11,819
Financial liabilities measured at amortized cost:					
Short-term borrowings	1,826,561	-	-	-	-
Notes and accounts payable (including related parties)	4,141,017	-	-	-	-
Payables on construction and equipment	443,875	-	-	-	-
Dividends payable	1,564,141	-	-	-	-
Lease liabilities	333,998	-	-	-	-
Other current payables (recorded as other current liabilities)	1,689,182	-	-	-	-
Long-term borrowings (including current portion)	88,185	-	-	-	-
Guarantee deposits received (recorded as other non-current liabilities)	<u>204,972</u>	-	-	-	-
	<u>10,291,931</u>				
	<u>\$ 10,303,750</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 six months ended June 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 six months ended June 30, 2023 and 2022:

	Financial assets at fair value through other comprehensive income – unquoted equity instruments
Balance on January 1, 2023 (as balance on June 30, 2023)	\$ <u><u>18,363</u></u>
Balance on January 1, 2022 (as balance on June 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 June 30,		For the six months ended June 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 June 30, 2023 and December 31, 2022) Lack of marketability discount rate (20% and 20% on June 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
June 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.

- (z) 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.

- (aa) 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

(ab) 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 six months ended June 30, 2023 and 2022, were acquisition of right-of-use assets by lease; please refer to note 6(k). Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes		June 30, 2023
			Increase	Foreign exchange movement	
Short-term borrowings	\$ 537,705	(537,705)	-	-	-
Long-term borrowings	9,372	-	-	(744)	8,628
Lease liabilities	346,558	(22,200)	24,948	1,012	350,318
Guarantee deposits received	256,412	15,189	-	-	271,601
Total liabilities from financing activities	<u>\$ 1,150,047</u>	<u>(544,716)</u>	<u>24,948</u>	<u>268</u>	<u>630,547</u>

	January 1, 2022	Cash flow	Non-cash changes		June 30, 2022
			Increase	Foreign exchange movement	
Short-term borrowings	\$ 2,489,960	(663,399)	-	-	1,826,561
Long-term borrowings	103,075	(13,863)	-	(1,027)	88,185
Lease liabilities	316,584	(23,866)	40,659	621	333,998
Guarantee deposits received	190,635	14,337	-	-	204,972
Total liabilities from financing activities	<u>\$ 3,100,254</u>	<u>(686,791)</u>	<u>40,659</u>	<u>(406)</u>	<u>2,453,716</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 June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Associates	<u>\$ 43,284</u>	<u>24,668</u>	<u>110,724</u>	<u>35,843</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 June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Associates	<u>\$ 79,403</u>	<u>119,290</u>	<u>190,228</u>	<u>301,246</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:

	June 30, 2023	December 31, 2022	June 30, 2022
Associates	<u>\$ 70,420</u>	<u>56,922</u>	<u>38,674</u>

(iv) Accounts payable to related parties

The accounts payable to related parties were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Associates	<u>\$ 136,720</u>	<u>180,362</u>	<u>245,401</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 June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Short-term employee benefits	\$ 10,098	7,961	22,938	22,755
Others	54	54	108	139
	<u>\$ 10,152</u>	<u>8,015</u>	<u>23,046</u>	<u>22,894</u>

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	June 30, 2023	December 31, 2022	June 30, 2022
Time deposits (recorded as other non-current financial assets)	Guarantee for contract grant and guarantee for construction contracts	\$ 192,607	223,174	219,109
Restricted deposits (recorded as other current financial assets)	Contract of accounts receivable factoring	-	-	33,402
Restricted deposits (recorded as other non-current financial assets)	Reserve account for long-term borrowings	-	-	11,209
		<u>\$ 192,607</u>	<u>223,174</u>	<u>263,720</u>

(9) Commitments and contingencies

- (a) Except as described below, there were no significant differences between the commitments and the contingencies of the Group for the six months ended June 30, 2023 and 2022. For related information, please refer to note 9 of the 2022 annual consolidated financial statements.
- (b) Significant commitments unrecognized:
- (i) As of June 30, 2023, December 31 and June 30, 2022, the Group's signed significant commitments to purchase machinery, equipment and commitments for construction contracts not yet due amounted to \$168,132, \$192,406 and \$497,917, respectively.
 - (ii) As of June 30, 2023, December 31 and June 30, 2022, the unused balance of the Group's outstanding standby letters of credit amounted to \$12,057, \$2,577 and \$2,018, 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 June 30, 2023			Three months ended June 30, 2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	344,312	397,385	741,697	370,034	429,827	799,861
Labor and health insurance	17,933	27,598	45,531	26,292	46,499	72,791
Pension	19,622	14,269	33,891	34,593	14,033	48,626
Others	26,486	17,239	43,725	31,039	19,653	50,692
Depreciation	176,309	104,968	281,277	229,598	125,556	355,154
Amortization	6,016	5,195	11,211	9,143	6,444	15,587

By function By item	Six months ended June 30, 2023			Six months ended June 30, 2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	640,769	792,107	1,432,876	818,096	849,800	1,667,896
Labor and health insurance	36,159	61,245	97,404	48,905	83,432	132,337
Pension	38,296	28,409	66,705	59,733	27,595	87,328
Others	51,052	38,356	89,408	60,283	37,087	97,370
Depreciation	364,946	216,180	581,126	468,226	254,766	722,992
Amortization	15,069	11,259	26,328	18,346	13,081	31,427

- (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, 2023 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 June 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 six months ended June 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 June 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 June 30, 2023						
	LED segment	LCD segment	Illumination segment	Others	Adjustments & eliminations	Total
Revenues						
Revenues from external customers	\$ 4,039,545	136,415	204,696	22,819	-	4,403,475
Intersegment revenues	-	-	-	-	-	-
Total revenues	<u>\$ 4,039,545</u>	<u>136,415</u>	<u>204,696</u>	<u>22,819</u>	<u>-</u>	<u>4,403,475</u>
Reportable segment profit (loss)	<u>\$ 362,557</u>	<u>20,415</u>	<u>(7,339)</u>	<u>8,296</u>	<u>-</u>	<u>383,929</u>
For the three months ended June 30, 2022						
	LED segment	LCD segment	Illumination segment	Others	Adjustments & eliminations	Total
Revenues						
Revenues from external customers	\$ 4,671,274	165,085	281,396	20,278	-	5,138,033
Intersegment revenues	-	-	-	-	-	-
Total revenues	<u>\$ 4,671,274</u>	<u>165,085</u>	<u>281,396</u>	<u>20,278</u>	<u>-</u>	<u>5,138,033</u>
Reportable segment profit (loss)	<u>\$ 477,181</u>	<u>33,316</u>	<u>(92,269)</u>	<u>4,785</u>	<u>-</u>	<u>423,013</u>

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

For the six months ended June 30, 2023						
	LED segment	LCD segment	Illumination segment	Others	Adjustments & eliminations	Total
Revenues						
Revenues from external customers	\$ 8,206,059	269,775	369,725	40,649	-	8,886,208
Intersegment revenues	-	-	-	-	-	-
Total revenues	<u><u>\$ 8,206,059</u></u>	<u><u>269,775</u></u>	<u><u>369,725</u></u>	<u><u>40,649</u></u>	<u><u>-</u></u>	<u><u>8,886,208</u></u>
Reportable segment profit (loss)	<u><u>\$ 918,858</u></u>	<u><u>35,552</u></u>	<u><u>(42,761)</u></u>	<u><u>13,276</u></u>	<u><u>-</u></u>	<u><u>924,925</u></u>
For the six months ended June 30, 2022						
	LED segment	LCD segment	Illumination segment	Others	Adjustments & eliminations	Total
Revenues						
Revenues from external customers	\$ 9,685,377	306,751	624,987	36,812	-	10,653,927
Intersegment revenues	-	-	-	-	-	-
Total revenues	<u><u>\$ 9,685,377</u></u>	<u><u>306,751</u></u>	<u><u>624,987</u></u>	<u><u>36,812</u></u>	<u><u>-</u></u>	<u><u>10,653,927</u></u>
Reportable segment profit (loss)	<u><u>\$ 1,022,026</u></u>	<u><u>41,795</u></u>	<u><u>(167,464)</u></u>	<u><u>7,855</u></u>	<u><u>-</u></u>	<u><u>904,212</u></u>

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Table 1 Loans to other parties
June 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	\$ 536,601	\$ 536,601	527,394	1.0%	Short term financing	-	Financing Services	-		-	\$ 1,791,195	\$ 7,164,781	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		-	1,791,195	7,164,781	-
0	The Company	A3 Commerce LLP	Other receivables	No	24,474	24,474	18,709	1.0%	Short term financing	-	Financing Services	18,709		-	1,791,195	7,164,781	-
						\$ 623,577	591,929										
1	Everlight BVI	Everlight China	Other receivables	Yes	311,350	-	-	-%	Short term financing	-	Financing Services	-		-	2,812,638	2,812,638	Note6
1	Everlight BVI	WOFI Leuchten GmbH	Other receivables	Yes	271,697	-	-	-%	Short term financing	-	Financing Services	-		-	2,812,638	2,812,638	Note6
1	Everlight BVI	WOFI Leuchten GmbH	Other receivables	Yes	203,773	203,773	-	1.0%	Short term financing	-	Financing Services	-	Property	157,712	2,812,638	2,812,638	Note6
2	Everlight China	Everlight Lighting China	Other receivables	Yes	858,780	429,390	429,390	2.0%	Short term financing	-	Financing Services	-		-	2,187,246	2,187,246	Note6
3	Forever	WOFI Leuchten GmbH	Other receivables	Yes	186,792	-	-	1.0%	Short term financing	-	Financing Services	-		-	172,718	172,718	Note6
						\$ 633,163	429,390										

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
June 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	\$ 3,582,390	\$ 622,700	\$ -	\$ -	-	0.00%	\$ 8,955,977	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 June 30, 2023 (excluding investment in subsidiaries, associates and joint ventures)
June 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	\$ 83,401	-%	\$ 83,401	
The Company	Cathay Financial Holding Co., Ltd. Preferred Stock B	None	Current financial assets at fair value through profit or loss	100	5,850	-%	5,850	
The Company	Shin Kong Financial Holding Co., Ltd. Preferred Stock B	None	Current financial assets at fair value through profit or loss	666	21,379	-%	21,379	
The Company	WT Microelectronics Co., Ltd. Preferred Stock A	None	Current financial assets at fair value through profit or loss	600	28,860	-%	28,860	
The Company	YULON MOTOR CO., LTD 3rd Domestic Unsecured Convertible Bond	None	Current financial assets at fair value through profit or loss	30	3,309	-%	3,309	
The Company	AcBel Polytech Inc. 2nd Domestic Unsecured Convertible Bond	None	Current financial assets at fair value through profit or loss	50	5,280	-%	5,280	
					\$ 148,079			
Forever	Yuanta U.S. Treasury 20+ Year Bond ETF	None	Current financial assets at fair value through profit or loss	930	29,379	-%	29,379	
Forever	CTBC USD Corporate 10+ Year High Grade Capped Bond ETF	None	Current financial assets at fair value through profit or loss	840	29,837	-%	29,837	
Forever	Cathay U.S. Treasury 20+ Year Bond ETF	None	Current financial assets at fair value through profit or loss	880	29,057	-%	29,057	
Forever	Taiwan Cement Corp. 2nd Preferred Shares	None	Current financial assets at fair value through profit or loss	610	30,012	-%	30,012	
Forever	Cathay Financial Holding Co., Ltd. Preferred Stock A	None	Current financial assets at fair value through profit or loss	149	8,597	-%	8,597	
Forever	ANJET Corporation Series B Preferred Shares	None	Non-current financial assets at fair value through other comprehensive income	200	18,363	-%	18,363	
					\$ 145,245			
Pai yee	Taishin 1699 Money Market Fund	None	Current financial assets at fair value through profit or loss	147	\$ 2,035	-%	2,035	
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	\$ 37,474	-%	37,474	
Everlight Zhongshan	Structured deposits	None	Current financial assets at fair value through profit or loss	-	\$ 64,606	-%	64,606	
Everlight China	Structured deposits	None	Current financial assets at fair value through profit or loss	-	\$ 303,981	-%	303,981	

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
June 30, 2023

Unit: In Thousands of New Taiwan Dollar

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)	\$ (446,173)	(6%)	OA 120	No significant difference to the general customers	General export receivables in 30~120 days	Accounts Receivable 330,427	7%	Note 2
The Company	Everlight Europe	75% owned subsidiary	(Sales)	(492,670)	(7%)	OA 120	No significant difference to the general customers	General export receivables in 30~120 days	Accounts Receivable 192,086	4%	Note 2
The Company	Everlight Lighting China	100% owned sub-subsiary	(Sales)	(192,596)	(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 78,259	2%	Note 2
The Company	ELA	99% owned subsidiary	(Sales)	(141,495)	(2%)	OA 140	No significant difference to the general customers	General export receivables in 30~120 days	Accounts Receivable 38,461	1%	Note 2
The Company	Everlight China	100% owned sub-subsiary	Purchases	3,598,663	76%	OA 120	Terms not comparable to other general trading price	General purchase payments in 90~120 days	Accounts Payable (2,959,485)	(69%)	Note 2
The Company	Everlight Zhongshan	100% owned sub-subsiary	Purchases	229,562	5%	OA 120	Terms not comparable to other general trading price	General purchase payments in 90~120 days	Accounts Payable (197,373)	(5%)	Note 2
Everlight Zhongshan	The Company	Ultimate holding company	(Sales)	(241,617)	(100%)	OA 120	Terms not comparable to other general trading price	General export receivables in 90~120 days	Accounts Receivable 197,373	100%	Note 2
Everlight China	The Company	Ultimate holding company	(Sales)	(3,711,064)	(99%)	OA 120	Terms not comparable to other general trading price	General export receivables in 90~120 days	Accounts Receivable 2,959,485	99%	Note 2
Everlight Lighting China	The Company	Ultimate holding company	Purchases	194,633	24%	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 (78,259)	(17%)	Note 2
ELA	The Company	Parent company	Purchases	143,746	100%	OA 140	No significant difference to the general customers	General purchase payments in 30~120 days	Accounts Payable (38,632)	(96%)	Note 2
Everlight Europe	The Company	Parent company	Purchases	502,410	100%	OA 120	No significant difference to the general customers	General purchase payments in 30~120 days	Accounts Payable (190,941)	(100%)	Note 2
Evlite	The Company	Parent company	Purchases	449,351	100%	OA 120	No significant difference to the general customers	General purchase payments in 90~120 days	Accounts Payable (330,368)	(100%)	Note 2
Evervision TW	VBEST GmbH	Equity accounted subsidiary by Evervision TW	(Sales)	(110,414)	(32%)	OA 90	No significant difference to the general customers	General export receivables in 90~120 days	Accounts Receivable 53,795	28%	Note 2
Evervision TW	Vbest Kunshan	Equity accounted sub-subsiary by Evervision TW	Purchases	181,316	65%	OA 150	Terms not comparable to other general trading price	General purchase payments in 90~120 days	Accounts Payable (117,862)	80%	Note 2
VBEST GmbH	Evervision TW	66.75% owned subsidiary	Purchases	110,263	100%	OA 90	Terms not comparable to other general trading price	General purchase payments in 90~120 days	Accounts Payable (53,795)	100%	Note 2
Vbest Kunshan	Evervision TW	66.75% owned subsidiary	(Sales)	(181,469)	(97%)	OA 150	Terms not comparable to other general trading price	General export receivables in 90~120 days	Accounts Receivable 117,862	97%	Note 2

Note 1: The amounts were translated into New Taiwan dollars at the six months ended June 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
June 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	Evlite	100% owned subsidiary	\$ 330,427	2.81	-		\$ 66,454	-
The Company	Everlight Europe	75% owned subsidiary	192,086	5.11	-		80,568	-
The Company	WOFI Leuchten GmbH	100% owned sub-subsiidiary	527,394 (Note 3)	-	-		-	-
Everlight China	Everlight Lighting China	With the same parent company	432,119 (Note 3)	-	-		-	-
Everlight China	The Company	Ultimate holding company	2,959,485	2.58	-		625,543	-
Everlight Zhongshan	The Company	Ultimate holding company	197,373	3.04	-		37,076	-
Vbest Kunshan	Evervision TW	66.75% owned subsidiary	117,862	2.29	-		36,117	-

Note 1: Information as of August 3, 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
June 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	\$ 492,670	There is no significant difference on the price offered to general customers; and the credit period is OA 120 days.	6%
			1	Accounts receivable	192,086	There is no significant difference on the price offered to general customers; and the credit period is OA 120 days.	1%
0	The Company	Evlight	1	Sales revenue	446,173	There is no significant difference on the price offered to general customers; and the credit period is OA 120 days.	5%
			1	Accounts receivable	330,427	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	192,596	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	78,259	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	141,495	There is no significant difference on the price offered to general customers; and the credit period is OA 140 days.	2%
			1	Accounts receivable	38,461	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)	527,394	Rate 1%	2%
1	Everlight China	The Company	2	Sales revenue	3,711,064	There is no general price for comparison; and the credit period is OA 120 days.	42%
			2	Accounts receivable	2,959,485	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)	432,119	Rate 2%	2%
2	Everlight Zhongshan	The Company	2	Sales revenue	241,617	There is no general price for comparison; and the credit period is OA 120 days.	3%
			2	Accounts receivable	197,373	There is no general price for comparison; and the credit period is OA 120 days.	1%
4	Vbest Kunshan	Evervision TW	3	Sales revenue	181,469	There is no general price for comparison, and the credit period is OA 150 days.	2%
			3	Accounts receivable	117,862	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
June 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
				June 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%	\$ 6,886,291	188,663	184,890	Subsidiaries (Note 5)
The Company	Pai yee	New Taipei City	Investment	580,253	580,253	23,940	100%	486,684	17,431	17,431	Subsidiaries (Note 5)
The Company	ELA and its subsidiaries	Registered in the USA	Sale of LEDs	373,396	373,396	11,375	98.91%	56,504	1,930	1,909	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%	243,857	26,060	6,325	Subsidiaries (Note 5)
The Company	Everlight Europe	Registered in Germany	Sale of LEDs	2,203	2,203	75	75%	115,711	39,172	29,379	Subsidiaries (Note 5)
The Company	ELK	Korea	Sale of LEDs	6,485	6,485	38	100%	96,110	4,451	4,451	Subsidiaries (Note 5)
The Company	Forever	New Taipei City	Investment	400,000	400,000	42,488	100%	431,795	6,804	6,804	Subsidiaries (Note 5)
The Company	ELIT	New Taipei City	Sale of LED lighting products	500,000	500,000	20,000	100%	240,371	27,680	27,637	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%	57,427	10,945	1,010	(Note 1)
The Company	Evlite	Kwun Tong, Kowloon, Hong Kong	Sale of LEDs	71,324	71,324	7,000	100%	157,237	2,289	2,289	Subsidiaries (Note 5)
The Company	ELI	Registered in India	Sale of LEDs	1,984	1,984	353	80%	19,285	3,774	3,019	Subsidiaries (Note 5)
The Company	ELS	Singapore	Sale of LEDs	5,989	5,989	200	100%	14,007	1,149	1,149	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%	(574,348)	(12,498)	(12,498)	Subsidiaries (Note 3 and 5)
The Company	ELJ	Japan	Sale of LEDs	14,911	14,911	5	100%	16,707	(3,246)	(3,246)	Subsidiaries (Note 5)
Pai yee	Everlight BVI	Registered in British Virgin Islands	Investment	120,740	120,740	37	2%	145,306	188,663	3,773	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%	135,562	26,060	3,836	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%	70,120	10,945	1,668	(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%	4,689	3,774	755	Subsidiaries (Note 5)
ELIT	ELIT KZ	Kazakhstan	Sale of LED lighting products	73	73	-	100%	3,407	617	617	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%	223,664	26,060	7,234	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%	29,487	(2,959)	(1,287)	-

Note 1: The market price is \$69,597 thousand.

Note 2: The market price is \$84,962 thousand.

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 six months ended June 30, 2023 average exchange rates.

Note 5: The transactions between companies mentioned in note 4 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
June 30, 2023

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

Unit: In Thousands of New Taiwan Dollar , Foreign currency

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 June 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 June 30, 2023 (Note 6)	Accumulated remittance of earnings as of June 30, 2023
					Outflow	Inflow						
<u>The Company and</u> <u>Pai yee:</u> Everlight China	Manufacture of LEDs	3,813,480 (US\$113,500 、 RMB65,129) (Note 7)	(Note 1)	3,436,059 (US\$110,360)	-	-	3,436,059 (US\$110,360)	156,116	100%	156,116	5,468,116	(Note 8)
Everlight Lighting China	Sale of LEDs	311,350 (US\$10,000) (Note 11)	(Note 1)	161,902 (US\$5,200)	-	-	161,902 (US\$5,200)	25,670	100%	25,670 (Note 12)	339,135 (Note 12)	-
Everlight Electronic Guangzhou	Business development and customer services	197,211 (US\$128 、 RMB45,000) (Note 19)	(Note 1)	3,985 (US\$128)	-	-	3,985 (US\$128)	(590)	100%	(590) (Note 20)	(3,107) (Note 20)	-
Everlight Zhongshan	Manufacture of LED related components	934,050 (US\$30,000)	(Note 1)	934,050 (US\$30,000)	-	-	934,050 (US\$30,000)	7,555	100%	7,555	890,599	-
<u>Evervision TW:</u> VBest Kunshan	Post assemble STN display and assemble module	560,430 (US\$18,000)	(Note 2)	560,430 (US\$18,000)	-	-	560,430 (US\$18,000)	18,795	66.75%	12,546	480,509	-
<u>Everlight Lighting China:</u> Zhongshan Everlight Lighting	Research and sale of LED lighting products	141,699 (RMB33,000)	(Note 3)	-	-	-	-	(4,813)	100%	(4,813)	795	-
<u>Everlight China</u> Anhui Hongming	Research and Manufacture of Mini LED lighting products	429,390 (RMB100,000)	(Note 3)	-	-	-	-	14,466	20%	2,893	82,189	-

EVERLIGHT ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of June 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)	5,514,785 (USD169,003 thousand 、 RMB58,892 thousand) (Notes 9 、 10 、 13 、 16 、 17 、 18 and 22)	5,645,824 (USD170,898 thousand 、 RMB75,669 thousand)	10,747,172
ELIT	144,436 (USD2,723 thousand 、 RMB13,893 thousand) (Notes 9 and 18)	144,436 (USD2,723 thousand 、 RMB13,893 thousand)	144,049
Evervision TW	658,069 (Notes 15 and 21) (USD21,136 thousand)	658,069 (USD21,136 thousand)	542,097 (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 six months ended June 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 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 six months ended June 30,2023.