

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

**EVERLIGHT CHEMICAL INDUSTRIAL
CORPORATION AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2021 and 2020**

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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 Chemical Industrial Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Everlight Chemical Industrial Corporation and its subsidiaries as of September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, as well as the changes in equity and cash flows for the nine months ended September 30, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$261,533 thousand and \$344,333 thousand, constituting 1.90% and 2.63% of consolidated total assets as of September 30, 2021 and 2020, respectively, total liabilities amounting to \$44,250 thousand and \$42,976 thousand, constituting 0.92% and 0.87% of consolidated total liabilities as of September 30, 2021 and 2020, respectively, and total comprehensive income (loss) amounting to \$3,045 thousand, \$7,796 thousand, \$13,247 thousand and \$15,257 thousand, constituting 2.81%, 5.33%, 1.81% and 8.12% of consolidated total comprehensive income for the three months and nine months ended September 30, 2021 and 2020, respectively.

Furthermore, as stated in note 6(e), the other equity accounted investments of Everlight Chemical Industrial Corporation and its subsidiaries in its investee companies of \$121,815 thousand and \$132,055 thousand as of September 30, 2021 and 2020, respectively, and its equity in net earnings on these investee companies of \$3,556 thousand, \$2,484 thousand, \$9,443 thousand and \$8,373 thousand for the three months and nine months ended September 30, 2021 and 2020, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Everlight Chemical Industrial Corporation and its subsidiaries as of September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020, as well as its consolidated cash flows for the nine months ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors' report are Chia-Chien Tang and Ya-Ling Chen.

KPMG

Taipei, Taiwan (Republic of China)
November 11, 2021

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2021 and 2020

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2021, December 31 and September 30, 2020

(Expressed in Thousands New Taiwan Dollars)

	September 30, 2021		December 31, 2020		September 30, 2020			September 30, 2021		December 31, 2020		September 30, 2020		
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	
Assets								Liabilities and Equity						
Current assets:								Current liabilities:						
1100 Cash and cash equivalents (note 6(a))	\$ 1,351,983	10	1,334,808	10	1,209,747	9	2100 Short-term borrowings (notes 6(k) and 8)	\$ 2,103,092	15	1,871,991	14	2,100,980	16	
1110 Financial assets at fair value through profit or loss-current (note 6(b))	90,221	1	60,100	1	103,600	1	2322 Long-term borrowings, current portion (note 6(l))	-	-	40,000	1	40,000	-	
1136 Financial assets at amortized cost-current (note 6(b))	3,615	-	12,896	-	-	-	2120 Financial liabilities at fair value through profit or loss-current (note 6(b))	1,804	-	-	-	10,286	-	
1150 Notes receivable, net (notes 6(c) and (t))	223,343	2	213,396	2	203,377	2	2151 Notes payable (note 7)	213,971	2	181,329	2	137,660	1	
1170 Accounts receivable, net (notes 6(c) and (t) and 8)	1,574,076	11	1,383,973	10	1,239,479	9	2170 Accounts payable (note 7)	401,873	3	389,570	3	191,611	2	
130X Inventories (notes 6(d) and 8)	3,441,057	25	3,198,461	24	3,275,292	25	2209 Other payable (note 6(s))	380,929	3	407,211	3	270,299	2	
1476 Other current financial assets	35,793	-	26,142	-	26,774	-	2213 Payable on equipment	7,166	-	17,545	-	5,715	-	
1479 Other current assets (note 6(h))	127,333	1	114,339	1	122,263	1	2230 Current tax liabilities	101,621	1	38,386	-	94,361	1	
Total current assets	6,847,421	50	6,344,115	48	6,180,532	47	2280 Lease liabilities-current (note 6(m))	30,213	-	35,102	-	33,031	-	
Non-current assets:								2399 Other current liabilities (note 6(n))	75,107	-	48,553	-	37,242	-
1517 Financial assets at fair value through other comprehensive income-non-current (notes 6(b) and (v))	1,378,634	10	994,805	8	901,694	7	Total current liabilities	3,315,776	24	3,029,687	23	2,921,185	22	
1550 Investments accounted for using equity method (note 6(e))	121,815	1	112,156	1	132,055	1	Non-current liabilities:							
1600 Property, plant and equipment (notes 6(g) and 9)	4,941,500	36	5,265,817	40	5,337,456	41	2540 Long-term borrowings (note 6(l))	1,000,000	7	1,250,000	9	1,400,000	11	
1755 Right-of-use-assets (note 6(i))	287,754	2	309,445	2	312,617	2	2570 Deferred tax liabilities	79,074	1	79,074	1	70,208	1	
1780 Intangible assets (note 6(j))	114,076	1	119,744	1	114,389	1	2580 Lease liabilities non-current (note 6(m))	243,939	2	258,608	2	263,773	2	
1840 Deferred tax assets	49,654	-	51,602	-	83,688	1	2640 Net defined benefit liability	119,935	1	130,566	1	143,481	1	
1915 Prepayments for equipment	37,899	-	14,511	-	12,634	-	2670 Other non-current liabilities (note 6(n))	75,643	-	90,071	1	129,679	1	
1980 Other non-current financial assets (notes 6(c) and (t))	3,576	-	3,635	-	3,646	-	Total non-current liabilities	1,518,591	11	1,808,319	14	2,007,141	16	
1990 Other non-current assets	9,492	-	10,559	-	11,826	-	Total liabilities	4,834,367	35	4,838,006	37	4,928,326	38	
Total non-current assets	6,944,400	50	6,882,274	52	6,910,005	53	Equity attributable to owners of parent (notes 6(b), (e), (f), (q) and (v)):							
							3100 Common shares	5,477,522	40	5,477,522	41	5,477,522	42	
							3200 Capital surplus	474,558	4	474,558	4	474,558	3	
							3300 Retained earnings	2,250,381	16	2,019,285	15	1,940,288	15	
							3400 Other equity	451,050	3	115,939	1	(36,572)	-	
							Total equity attributable to owners of parent	8,653,511	63	8,087,304	61	7,855,796	60	
							36XX Non-controlling interests (notes 6(f) and (q))	303,943	2	301,079	2	306,415	2	
							Total equity	8,957,454	65	8,388,383	63	8,162,211	62	
Total assets	\$ 13,791,821	100	13,226,389	100	13,090,537	100	Total liabilities and equity	\$ 13,791,821	100	13,226,389	100	13,090,537	100	

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2021 and 2020

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

	For the three months ended September 30				For the nine months ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (note 6(t))	\$ 2,195,177	100	1,862,553	100	6,825,475	100	5,656,387	100
5000 Operating costs (notes 6(d), (g), (i), (j), (m), (o), (s), 7 and 12)	1,650,407	75	1,527,593	82	5,153,671	76	4,567,287	81
5950 Gross profit from operations	544,770	25	334,960	18	1,671,804	24	1,089,100	19
6000 Operating expenses (notes 6(c), (g), (i), (j), (m), (o), (s), 7 and 12):								
6100 Selling expenses	244,781	11	161,493	9	658,367	10	494,750	9
6200 Administrative expenses	80,517	3	80,117	4	240,349	3	232,428	4
6300 Research and development expenses	99,223	5	90,541	5	277,380	4	282,964	5
6450 Expected credit loss (gain)	(2,096)	-	3,337	-	12,292	-	1,473	-
Total operating expenses	<u>422,425</u>	<u>19</u>	<u>335,488</u>	<u>18</u>	<u>1,188,388</u>	<u>17</u>	<u>1,011,615</u>	<u>18</u>
6900 Net operating income (losses)	122,345	6	(528)	-	483,416	7	77,485	1
7000 Non-operating income and expenses (notes 6(b), (c), (g), (k), (l), (m) and (u)):								
7100 Interest income	826	-	777	-	3,410	-	2,520	-
7010 Other income	4,282	-	5,821	-	39,880	1	49,846	1
7020 Other gains and losses	19,525	1	27,972	2	11,619	-	59,597	1
7050 Finance costs	(11,741)	(1)	(14,336)	(1)	(36,924)	(1)	(50,710)	(1)
7060 Share of gains of associates accounted for using equity method	3,556	-	2,484	-	9,443	-	8,373	-
Total non-operating income and expense	<u>16,448</u>	<u>-</u>	<u>22,718</u>	<u>1</u>	<u>27,428</u>	<u>-</u>	<u>69,626</u>	<u>1</u>
7900 Income before income tax	138,793	6	22,190	1	510,844	7	147,111	2
7951 Income tax expenses (income) (note (p))	30,061	1	(1,326)	-	108,405	1	22,959	-
8200 Net income	108,732	5	23,516	1	402,439	6	124,152	2
8300 Other comprehensive income (notes 6(e), (q) and (v)):								
8310 Components of other comprehensive income that will not be reclassified to profit or loss								
8316 Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	3,219	-	113,128	6	358,262	5	83,686	1
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
Total components of other comprehensive income that will not be reclassified to profit or loss	<u>3,219</u>	<u>-</u>	<u>113,128</u>	<u>6</u>	<u>358,262</u>	<u>5</u>	<u>83,686</u>	<u>1</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	(4,864)	-	10,610	1	(30,489)	-	(17,173)	-
8370 Share of other comprehensive income of associates accounted for using equity method	1,292	-	(1,069)	-	3,185	-	(2,847)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
Total components of other comprehensive income that will be reclassified to profit or loss	<u>(3,572)</u>	<u>-</u>	<u>9,541</u>	<u>1</u>	<u>(27,304)</u>	<u>-</u>	<u>(20,020)</u>	<u>-</u>
8300 Other comprehensive income (after tax)	(353)	-	122,669	7	330,958	5	63,666	1
8500 Total comprehensive income	<u>\$ 108,379</u>	<u>5</u>	<u>146,185</u>	<u>8</u>	<u>733,397</u>	<u>11</u>	<u>187,818</u>	<u>3</u>
Profit attributable to:								
8610 Owners of parent	\$ 106,727	5	26,333	1	395,422	6	128,014	2
8620 Non-controlling interests	2,005	-	(2,817)	-	7,017	-	(3,862)	-
	<u>\$ 108,732</u>	<u>5</u>	<u>23,516</u>	<u>1</u>	<u>402,439</u>	<u>6</u>	<u>124,152</u>	<u>2</u>
Comprehensive income attributable to:								
8710 Owners of parent	\$ 106,468	5	152,717	8	730,533	11	196,982	3
8720 Non-controlling interests	1,911	-	(6,532)	-	2,864	-	(9,164)	-
	<u>\$ 108,379</u>	<u>5</u>	<u>146,185</u>	<u>8</u>	<u>733,397</u>	<u>11</u>	<u>187,818</u>	<u>3</u>
9750 Basic earnings per share (note 6(r)) (expressed in New Taiwan dollars)	<u>\$ 0.19</u>		<u>0.05</u>		<u>0.72</u>		<u>0.23</u>	
9850 Diluted earnings per share (note 6(r)) (expressed in New Taiwan dollars)	<u>\$ 0.19</u>		<u>0.05</u>		<u>0.72</u>		<u>0.23</u>	

See accompanying notes to consolidated financial statements.

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Reviewed only, not audited in accordance with generally accepted auditing standards
EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Retained earnings						Other equity					
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2020	\$ 5,477,522	474,558	1,038,600	149,767	713,131	1,901,498	(112,054)	81,616	(30,438)	7,823,140	315,579	8,138,719
Net income (loss)	-	-	-	-	128,014	128,014	-	-	-	128,014	(3,862)	124,152
Other comprehensive income	-	-	-	-	-	-	(16,810)	85,778	68,968	68,968	(5,302)	63,666
Total comprehensive income	-	-	-	-	128,014	128,014	(16,810)	85,778	68,968	196,982	(9,164)	187,818
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	37,755	-	(37,755)	-	-	-	-	-	-	-
Special reserve	-	-	-	(119,329)	119,329	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(164,326)	(164,326)	-	-	-	(164,326)	-	(164,326)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	75,102	75,102	-	(75,102)	(75,102)	-	-	-
Balance at September 30, 2020	\$ 5,477,522	474,558	1,076,355	30,438	833,495	1,940,288	(128,864)	92,292	(36,572)	7,855,796	306,415	8,162,211
Balance at January 1, 2021	\$ 5,477,522	474,558	1,076,355	30,438	912,492	2,019,285	(110,615)	226,554	115,939	8,087,304	301,079	8,388,383
Net income	-	-	-	-	395,422	395,422	-	-	-	395,422	7,017	402,439
Other comprehensive income	-	-	-	-	-	-	(24,733)	359,844	335,111	335,111	(4,153)	330,958
Total comprehensive income	-	-	-	-	395,422	395,422	(24,733)	359,844	335,111	730,533	2,864	733,397
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	28,211	-	(28,211)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(164,326)	(164,326)	-	-	-	(164,326)	-	(164,326)
Balance on September 30, 2021	\$ 5,477,522	474,558	1,104,566	30,438	1,115,377	2,250,381	(135,348)	586,398	451,050	8,653,511	303,943	8,957,454

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

For the three months and nine months ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2021	2020
Cash flows from operating activities:		
Income before income tax	\$ 510,844	147,111
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	502,773	508,744
Amortization expense	23,519	15,243
Expected credit loss	12,292	1,473
Net losses on financial assets at fair value through profit and loss	1,629	10,121
Interest expense	36,924	50,710
Interest income	(3,410)	(2,520)
Dividend income	(39,880)	(49,846)
Share of gains of associates accounted for using equity method	(9,443)	(8,373)
Losses (gains) on disposal of property, plant and equipment	(590)	1,761
Other	(382)	401
Total adjustments to reconcile profit	<u>523,432</u>	<u>527,714</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(15,072)	28,645
Accounts receivable and overdue receivable (under other non-current financial assets)	(213,573)	170,022
Inventories	(269,059)	219,606
Other current financial assets	(5,794)	(4,396)
Other current assets	(12,095)	(9,764)
Total changes in operating assets	<u>(515,593)</u>	<u>404,113</u>
Changes in operating liabilities:		
Notes payable	32,541	(14,478)
Accounts payable	(3,551)	(15,476)
Other payable	(26,892)	(116,251)
Other current liabilities	11,964	(5,328)
Net defined benefit liability	(10,633)	(24,299)
Other non-current liability	177	(31,800)
Total changes in operating liabilities	<u>3,606</u>	<u>(207,632)</u>
Total changes in operating assets and liabilities	<u>(511,987)</u>	<u>196,481</u>
Total adjustments	<u>11,445</u>	<u>724,195</u>
Cash inflow generated from operations	522,289	871,306
Interest received	3,418	2,517
Dividends received	39,880	49,846
Income taxes paid	(45,563)	(16,985)
Net cash flows from operating activities	<u>520,024</u>	<u>906,684</u>
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	(153,200)	-
Proceeds from disposal of financial assets at amortized cost	162,454	-
Acquisition of financial assets at fair value through profit or loss	(135,500)	(163,500)
Proceeds from disposal of financial assets at fair value through profit or loss	105,554	90,088
Acquisition of financial assets at fair value through other comprehensive income	(25,567)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	284,118
Acquisition of property, plant and equipment	(121,934)	(114,643)
Proceeds from disposal of property, plant and equipment	1,700	980
Acquisition of intangible assets	(17,882)	(6,807)
Decrease (increase) in other non-current financial assets	(159)	237
Decrease in other non-current assets	1,120	4,644
Increase in prepayments for equipment	(58,988)	(24,673)
Net cash flows (used in) from investing activities	<u>(242,402)</u>	<u>70,444</u>
Cash flows used in financing activities:		
Increase in short-term borrowings	4,146,538	4,511,003
Decrease in short-term borrowings	(3,909,858)	(4,879,318)
Proceeds from long-term borrowings	50,000	200,000
Repayments of long-term borrowings	(340,000)	(220,000)
Payments of lease liabilities	(25,978)	(26,507)
Cash dividends paid	(164,326)	(164,326)
Interest paid	(38,840)	(66,502)
Subsidiaries distributed cash dividends to non-controlling interests	-	(7,527)
Net cash flows used in financing activities	<u>(282,464)</u>	<u>(653,177)</u>
Effect of exchange rate changes on cash and cash equivalents	22,017	(93,060)
Net increase in cash and cash equivalents	17,175	230,891
Cash and cash equivalents at beginning of period	1,334,808	978,856
Cash and cash equivalents at end of period	<u>\$ 1,351,983</u>	<u>1,209,747</u>

See accompanying notes to consolidated financial statements.

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2021 and 2020

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

(1) Company history

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

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

These consolidated financial statements were authorized for issuance by the board of directors on November 11, 2021.

(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. (“FSC”) 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, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021 :

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

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

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to 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”

(4) Summary of significant accounting policies:

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2020. For the detail information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(a) Statement of compliance

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

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding percentage			Note
			September 30, 2021	December 31, 2020	September 30, 2020	
The Company (ECIC)	EVERLIGHT USA, INC. (EVUS)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
ECIC	EVERLIGHT (HONG KONG) LIMITED (EVHK)	Selling chemical product and related raw materials	100.00	100.00	100.00	(note 1)
ECIC	EVERLIGHT CHEMICALS (SINGAPORE) PTE LTD. (EVSG)	Investing business	100.00	100.00	100.00	(note 1)
ECIC	EVERLIGHT EUROPE B.V. (EVEU)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
ECIC	TREND TONE IMAGING, INC. (TTI)	Manufacturing and selling toners of laser printer, copier and fax machine	76.15	76.15	76.15	-
ECIC	ELITE FOREIGN TRADING INCORPORATION (ELITE)	Selling chemical product and related raw materials	50.00	50.00	50.00	(note 2)
ECIC	DAILYCARE BIOMEDICAL INC. (DCBM)	Manufacturing of medical supplies and providing service of biological technology	91.26	91.26	91.26	(note 1) 、 (note 3)
EVSG	ETHICAL INTERNATIONAL TRADING & WAREHOUSING (SHANGHAI) CO., LTD. (ETSH)	Selling chemical product and related raw materials	100.00	100.00	100.00	(note 5)
EVSG	GUANGZHOU ETHICAL TRADING CO., LTD. (ETGZ)	Selling chemical product and related raw materials	-	100.00	100.00	(note 4)
EVSG	SHANGHAI EVERLIGHT TRADING CO., LTD. (EVSH)	Selling chemical product and related raw materials	100.00	100.00	100.00	(note 5)
EVSG	EVERLIGHT (SUZHOU) ADVANCED CHEMICALS LTD. (EVSZ)	Manufacturing and selling color chemicals, toners and electronic high-tech chemical product	100.00	100.00	100.00	-
EVSG	ANDA SEMICONDUCTOR TECHNOLOGY (SUZHOU) CO., LTD. (ANDA)	Selling electronic high-tech chemical product	56.25	56.25	56.25	(note 1)
ANDA	SHANGHAI ANDA INTERNATIONAL TRADING CO., LTD. (ADSH)	Selling electronic high-tech chemical product	100.00	100.00	100.00	(note 1)
EVSZ	GUANZHOU ETHICAL TRADING CO., LTD. (ETGZ)	Selling chemical product and related raw materials	100.00	-	-	(note 4)
ECIC	GREATLIGHT INVESTMENT COPORATION (GLTP)	Investing business	100.00	100.00	100.00	(note 1)

(note 1): The Company is a non-significant subsidiary and its financial statement, have not been reviewed by independent auditor.

(note 2): The Company has the right to appoint more than half of members of board of directors and has control over the board of directors. The subsidiary is deemed to be consolidated.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(note 3): The Company decided to resolve DCBM. As of September 30, 2021, the related procedure has not been completed.

(note 4): As of January 22, 2021, the Company decided to reorganize of investment structure. EVSZ, the Company's sub-subsidiary, issued shares to acquire ETGZ 100% shareholding which were hold by EVSG.

(note 5): As of July 8, 2021, the Company decided to reorganize of investment structure. EVSZ, the Company's sub-subsidiary, issued shares to acquire ETSH and EVSH 100% shareholding which were hold by EVSG. As of September 30, 2021, the related procedure has not been completed.

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

(c) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(d) Income taxes

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

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

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

(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, 2020. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2020.

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

(a) Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$ 3,024	2,396	3,199
Cash in bank	1,250,922	1,229,687	1,109,588
Time deposits	98,037	102,725	66,960
Short-term notes	-	-	30,000
Cash and cash equivalents	<u>\$ 1,351,983</u>	<u>1,334,808</u>	<u>1,209,747</u>

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

(b) Financial assets and liabilities

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

	September 30, 2021	December 31, 2020	September 30, 2020
Financial assets mandatorily measured at fair value through profit or loss:			
Monetary market fund	<u>\$ 90,221</u>	<u>60,100</u>	<u>103,600</u>
	September 30, 2021	December 31, 2020	September 30, 2020
Financial liabilities held-for-trading:			
Option contracts	<u>\$ 1,804</u>	<u>-</u>	<u>10,286</u>

The Group holds derivative financial instruments to hedge its foreign exchange risk that the Group is exposed to, arising from its operating, financing and investing activities. The following derivative instruments not applied hedge accounting were classified as financial liabilities hold-for-trading on September 30, 2021 and 2020:

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

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

	September 30, 2020		
	Contract amount (in thousand)	Currency	Period
Option contracts	\$ 1,900	EUR	2020/10/8~2020/12/30
Option contracts	\$ 9,000	USD	2020/12/31

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

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

	September 30, 2021	December 31, 2020	September 30, 2020
Stocks listed on domestic markets	\$ 1,288,579	944,615	846,220
Domestic unlisted common shares	90,055	50,190	55,474
Total	\$ 1,378,634	994,805	901,694

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

For the nine months ended September 30, 2020, the Group has sold the partial of financial assets at fair value through other comprehensive income for strategic purposes. The shares sold had a fair value of \$284,118 thousand, and the Group realized a gain of \$75,102 thousand, which is already included in other comprehensive income. The gain has been transferred to retained earnings. There was no such transaction for the nine months ended September 30, 2021.

- (iii) Financial assets at amortized cost-current

	September 30, 2021	December 31, 2020	September 30, 2020
Financial assets at amortized cost-current	\$ 3,615	12,896	-

Due to the Group's foreign deposits which applied for the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" has not been engaged in investment yet, therefore, recognized in financial assets at amortized cost-current.

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

- (v) The aforementioned financial assets were not pledged.

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

(c) Receivables

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivable	\$ 225,783	213,396	203,413
Accounts receivable	1,601,512	1,410,922	1,268,105
Overdue receivable (under other non-current financial assets)	46,832	39,567	44,830
Less: loss allowance	<u>(76,708)</u>	<u>(66,516)</u>	<u>(73,492)</u>
	<u>\$ 1,797,419</u>	<u>1,597,369</u>	<u>1,442,856</u>

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

	September 30, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,677,234	0.01%~0.30%	4,859
1 to 90 days past due	142,195	2.66%~12.69%	21,343
91 to 365 days past due	7,866	18.41%~52.71%	3,674
More than 365 days past due	<u>46,832</u>	100%	<u>46,832</u>
Total	<u>\$ 1,874,127</u>		<u>76,708</u>
	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,502,202	0.01%~0.27%	3,848
1 to 90 days past due	103,378	1.97%~15.98%	16,522
91 to 365 days past due	18,738	22.94%~65.56%	6,579
More than 365 days past due	<u>39,567</u>	100%	<u>39,567</u>
Total	<u>\$ 1,663,885</u>		<u>66,516</u>
	September 30, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,351,423	0.01%~0.47%	2,808
1 to 90 days past due	91,973	2.40%~21.92%	14,329
91 to 365 days past due	28,122	22.98%~93.81%	11,525
More than 365 days past due	<u>44,830</u>	100%	<u>44,830</u>
Total	<u>\$ 1,516,348</u>		<u>73,492</u>

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

The detail of loss allowance were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivable	\$ 2,440	-	36
Accounts receivable	27,436	26,949	28,626
Overdue receivable	46,832	39,567	44,830
	\$ 76,708	66,516	73,492

The movement in the allowance for receivables was as follows:

	For the nine months ended September 30	
	2021	2020
Balance on January 1, 2021	\$ 66,516	72,496
Impairment losses recognized	12,292	1,473
Amounts written off	(1,472)	(129)
Effect of movements in exchange rates	(628)	(348)
Balance on September 30, 2021	\$ 76,708	73,492

As of September 30, 2021, the aforementioned financial assets of the Group had been pledged as collateral for short-term borrowings, please refer to note 8. As of December 31 and September 30, 2020, the aforementioned financial assets were not pledged.

(d) Inventories

	September 30, 2021	December 31, 2020	September 30, 2020
Raw materials	\$ 910,405	756,595	763,386
Supplies	28,216	19,831	22,767
Work in progress	587,781	603,687	635,249
Finished goods	1,764,494	1,698,193	1,809,404
Materials in transit	150,161	120,155	44,486
	\$ 3,441,057	3,198,461	3,275,292

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

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Losses (gains) on valuation of inventories \$	2,551	(464)	2,888	(378)
Losses (gains) on inventory count	1,077	17	2,485	(2,310)
Unallocated production overheads	32,284	60,015	105,699	144,744
Losses on obsolescence	2,956	4,075	5,389	7,327
Scrap income	(675)	(344)	(1,650)	(848)
	\$ 38,193	63,299	114,811	148,535

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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As of September 30, 2021, the inventories of the Group had been pledged as collateral for short-term borrowings, please refer to note 8. As of December 31 and September 30, 2020, the inventories were not pledged.

(e) Investments accounted for using equity method

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Associates	\$ <u>121,815</u>	<u>112,156</u>	<u>132,055</u>

- (ii) Associates

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Carrying amount of individually insignificant associates	\$ <u>121,815</u>	<u>112,156</u>	<u>132,055</u>
	<u>For the three months ended September 30 2021</u>	<u>2020</u>	<u>For the nine months ended September 30 2021</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>
Attributable to the Group:			
Profit from continuing operations	\$ 3,556	2,484	9,443
Other comprehensive income	1,292	(1,069)	3,185
Total comprehensive income	\$ <u>4,848</u>	<u>1,415</u>	<u>12,628</u>

- (iii) Pledge

As of September 30, 2021, December 31 and September 30, 2020, the aforementioned investment accounted for using equity method were not pledged.

Investment accounted for using equity method (KEYSTONE) has been liquidated in December, 2020. Repayment cost of investment by shareholding ratio is amounting to 2,418 thousand, the difference with the book value recognized in disposal of investments accounted for using equity method is amounting to 18,553 thousand.

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

(f) Material non-controlling interest of subsidiaries

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

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>		
		<u>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>September 30,</u> <u>2020</u>
TTI	Taiwan	23.85 %	23.85 %	23.85 %

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

	<u>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>September 30,</u> <u>2020</u>
Current assets	\$ 635,125	554,032	508,848
Non-current assets	850,484	906,387	932,429
Current liabilities	(546,422)	(501,960)	(455,174)
Non-current liabilities	(183,335)	(186,096)	(188,508)
Net assets	<u>\$ 755,852</u>	<u>772,363</u>	<u>797,595</u>
Non-controlling interest	<u>\$ 180,242</u>	<u>184,179</u>	<u>190,196</u>

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Operating revenues	<u>\$ 225,882</u>	<u>143,896</u>	<u>642,577</u>	<u>566,947</u>
Net loss	(611)	(24,027)	(9,877)	(48,147)
Other comprehensive income	(214)	(8,239)	(6,634)	(8,774)
Total comprehensive income	<u>\$ (825)</u>	<u>(32,266)</u>	<u>(16,511)</u>	<u>(56,921)</u>
Loss attributable to non-controlling interests	<u>\$ (145)</u>	<u>(5,728)</u>	<u>(2,355)</u>	<u>(11,481)</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ (196)</u>	<u>(7,693)</u>	<u>(3,937)</u>	<u>(13,573)</u>

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net cash flows from (used in) operating activities	\$ 8,922	60,793	(72,833)	14,335
Net cash flows from investing activities	(526)	(12)	(9,366)	(3,045)
Net cash flows from (used in) financing activities	(49,974)	(62,316)	22,717	(56,568)
Net increase (decrease) in cash and cash equivalents	<u>\$ (41,578)</u>	<u>(1,535)</u>	<u>(59,482)</u>	<u>(45,278)</u>
Cash dividend distributed to non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(g) Property, plant and equipment

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

	<u>Land</u>	<u>Land improvements</u>	<u>Buildings and construction</u>	<u>Equipment</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
Cost:						
Balance on January 1, 2021	\$ 893,877	159,000	4,418,972	9,786,333	177,205	15,435,387
Additions	-	-	7,388	46,432	57,735	111,555
Disposals	-	-	-	(36,902)	-	(36,902)
Reclassification (note)	-	-	34,534	123,634	(112,129)	46,039
Effect of movements in exchange rates	(77)	-	(5,889)	(13,208)	(207)	(19,381)
Balance on September 30, 2021	<u>\$ 893,800</u>	<u>159,000</u>	<u>4,455,005</u>	<u>9,906,289</u>	<u>122,604</u>	<u>15,536,698</u>
Balance on January 1, 2020	\$ 894,063	-	4,408,204	9,627,222	183,082	15,112,571
Additions	-	127,200	3,243	49,624	55,589	235,656
Disposals	-	-	(5,921)	(33,077)	-	(38,998)
Reclassification (note)	-	31,800	6,106	116,453	(93,613)	60,746
Effect of movements in exchange rates	(109)	-	(3,496)	(6,791)	(43)	(10,439)
Balance on September 30, 2020	<u>\$ 893,954</u>	<u>159,000</u>	<u>4,408,136</u>	<u>9,753,431</u>	<u>145,015</u>	<u>15,359,536</u>
Accumulated depreciation and impairment:						
Balance on January 1, 2021	\$ -	4,638	2,560,199	7,604,733	-	10,169,570
Depreciation	-	5,963	126,345	342,260	-	474,568
Disposals	-	-	-	(35,792)	-	(35,792)
Effect of movements in exchange rates	-	-	(3,037)	(10,111)	-	(13,148)
Balance on September 30, 2021	<u>\$ -</u>	<u>10,601</u>	<u>2,683,507</u>	<u>7,901,090</u>	<u>-</u>	<u>10,595,198</u>
Balance on January 1, 2020	\$ -	-	2,396,146	7,188,688	-	9,584,834
Depreciation	-	2,650	126,495	351,004	-	480,149
Disposals	-	-	(5,718)	(30,539)	-	(36,257)
Effect of movements in exchange rates	-	-	(1,662)	(4,984)	-	(6,646)
Balance on September 30, 2020	<u>\$ -</u>	<u>2,650</u>	<u>2,515,261</u>	<u>7,504,169</u>	<u>-</u>	<u>10,022,080</u>
Carrying amounts:						
Balance on January 1, 2021	<u>\$ 893,877</u>	<u>154,362</u>	<u>1,858,773</u>	<u>2,181,600</u>	<u>177,205</u>	<u>5,265,817</u>
Balance on September 30, 2021	<u>\$ 893,800</u>	<u>148,399</u>	<u>1,771,498</u>	<u>2,005,199</u>	<u>122,604</u>	<u>4,941,500</u>
Balance on January 1, 2020	<u>\$ 894,063</u>	<u>-</u>	<u>2,012,058</u>	<u>2,438,534</u>	<u>183,082</u>	<u>5,527,737</u>
Balance on September 30, 2020	<u>\$ 893,954</u>	<u>156,350</u>	<u>1,892,875</u>	<u>2,249,262</u>	<u>145,015</u>	<u>5,337,456</u>

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

- (i) For the nine months ended September 30, 2021 and 2020, the Group capitalized the interest expenses on construction in progress amounted to \$1,091 thousand and \$1,952 thousand respectively, and the monthly interest rate used for capitalization calculation were 0.08~0.09% and 0.08~0.13%, respectively.
- (ii) As of September 30, 2021, December 31 and September 30, 2020, the property, plant and equipment of the Group had not been pledged.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(h) Other current assets

	September 30, 2021	December 31, 2020	September 30, 2020
Prepayments	\$ 68,145	71,196	74,895
Offset against business tax payable and input taxes	46,198	29,821	22,976
Payment on behalf of others	12,862	12,337	22,317
Others	128	985	2,075
	<u>\$ 127,333</u>	<u>114,339</u>	<u>122,263</u>

(i) Right-of-use assets

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

	Land	Buildings and construction	Equipment	Total
Cost:				
Balance on January 1, 2021	\$ 217,404	142,917	16,143	376,464
Acquisitions	-	19,218	573	19,791
Disposals	-	(24,748)	(718)	(25,466)
Effect of changes in foreign exchange rates	(360)	(2,312)	(198)	(2,870)
Balance on September 30, 2021	<u>\$ 217,044</u>	<u>135,075</u>	<u>15,800</u>	<u>367,919</u>
Balance on January 1, 2020	\$ 217,042	127,648	17,306	361,996
Acquisitions	-	19,770	2,896	22,666
Disposals	-	(9,629)	(2,721)	(12,350)
Effect of changes in foreign exchange rates	(178)	(586)	40	(724)
Balance on September 30, 2020	<u>\$ 216,864</u>	<u>137,203</u>	<u>17,521</u>	<u>371,588</u>
Accumulated depreciation:				
Balance on January 1, 2021	\$ 11,444	50,534	5,041	67,019
Depreciation	4,287	21,397	2,521	28,205
Disposals	-	(13,549)	(717)	(14,266)
Effect of changes in foreign exchange rates	(22)	(679)	(92)	(793)
Balance on September 30, 2021	<u>\$ 15,709</u>	<u>57,703</u>	<u>6,753</u>	<u>80,165</u>
Balance on January 1, 2020	\$ 5,712	25,109	3,654	34,475
Depreciation	4,281	21,098	3,216	28,595
Disposals	-	(2,843)	(1,101)	(3,944)
Effect of changes in foreign exchange rates	(5)	(163)	13	(155)
Balance on September 30, 2020	<u>\$ 9,988</u>	<u>43,201</u>	<u>5,782</u>	<u>58,971</u>
Carrying amount:				
Balance on January 1, 2021	<u>\$ 205,960</u>	<u>92,383</u>	<u>11,102</u>	<u>309,445</u>
Balance on September 30, 2021	<u>\$ 201,335</u>	<u>77,372</u>	<u>9,047</u>	<u>287,754</u>
Balance on January 1, 2020	<u>\$ 211,330</u>	<u>102,539</u>	<u>13,652</u>	<u>327,521</u>
Balance on September 30, 2020	<u>\$ 206,876</u>	<u>94,002</u>	<u>11,739</u>	<u>312,617</u>

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(j) Intangible assets

	REACH registration related expenses	Others	Total
Carrying amounts:			
Balance on January 1, 2021	\$ <u>112,104</u>	<u>7,640</u>	<u>119,744</u>
Balance on September 30, 2021	\$ <u>108,196</u>	<u>5,880</u>	<u>114,076</u>
Balance on January 1, 2020	\$ <u>113,076</u>	<u>9,379</u>	<u>122,455</u>
Balance on September 30, 2020	\$ <u>106,308</u>	<u>8,081</u>	<u>114,389</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2021 and 2020. Information on amortization for the period is discussed in note 12. Please refer to note 6(k) of consolidated financial statements for the year end December 31, 2020 for the other related information.

(k) Short-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
Unsecured bank loans	\$ 2,020,589	1,782,108	2,011,143
Secured bank loans	2,766	-	-
Short-term notes and bills payable	<u>79,737</u>	<u>89,883</u>	<u>89,837</u>
Total	<u>\$ 2,103,092</u>	<u>1,871,991</u>	<u>2,100,980</u>
Unused credit lines	<u>\$ 3,610,619</u>	<u>3,723,243</u>	<u>3,792,430</u>
Range of interest rate	<u>0.55%~4.70%</u>	<u>0.74%~5.15%</u>	<u>0.77%~5.15%</u>

As of September 30, 2021, December 31 and September 30, 2020, the Group issued short-term notes and bills payable through Dah-Chung Bills Finance Corp. to obtain funds from the currency market.

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

(l) Long-term borrowings

	September 30, 2021			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.14%~1.18%	2023.1~2024.5	\$ 1,000,000
Less: long-term borrowings, current portion				-
Total				<u>\$ 1,000,000</u>
Unused credit lines				<u>\$ 300,000</u>

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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	December 31, 2020			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.14%~1.75%	2022.5~2023.6	\$ 1,290,000
Less: long-term borrowings, current portion				(40,000)
Total				<u>\$ 1,250,000</u>
Unused credit lines				<u>\$ 310,000</u>

	September 30, 2020			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.14%~1.75%	2022.5~2023.6	\$ 1,440,000
Less: long-term borrowings, current portion				(40,000)
Total				<u>\$ 1,400,000</u>
Unused credit lines				<u>\$ -</u>

Please refer note 6(u) for the interest expense. For the other related information, please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2020.

(m) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	September 30, 2021	December 31, 2020	September 30, 2020
Current	<u>\$ 30,213</u>	<u>35,102</u>	<u>33,031</u>
Non-current	<u>\$ 243,939</u>	<u>258,608</u>	<u>263,773</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Interest on lease liabilities	<u>\$ 1,530</u>	<u>1,762</u>	<u>4,802</u>	<u>5,341</u>
Expenses relating to short-term leases	<u>\$ 1,254</u>	<u>592</u>	<u>2,742</u>	<u>2,026</u>

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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The amounts recognized in the statement of cash flows for the Group was as follows:

	For the nine months ended September 30	
	2021	2020
Total cash outflow for leases	\$ 33,522	33,874

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

The Group leases land, buildings and constructions, and equipment for its warehouses and office space. The leases of warehouses and office typically run for a period from 3 to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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

(n) Provisions

The movements of the provisions were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Balance on January 1, 2021	\$ 119,250	-	-
Additions	-	159,000	159,000
Decreases	(15,900)	(39,750)	(31,800)
Balance on September 30, 2021	\$ 103,350	119,250	127,200

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

(o) Employee benefits

(i) Defined benefit plans

At the end of the prior fiscal year, there was no material volatility of the market, as well as reimbursement and settlement, or other significant one-time events. As a result, the pension cost in the consolidated interim financial statements was measured and disclosed on a year-to-date basis by using the actuarially determined pension cost rate of December 31, 2020 and 2019.

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

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Operating costs	\$ 1,400	1,741	4,156	5,276
Operating expenses	970	1,277	2,955	3,784
	<u>\$ 2,370</u>	<u>3,018</u>	<u>7,111</u>	<u>9,060</u>

(ii) Defined contribution plans

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

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Operating costs	\$ 8,331	6,313	24,525	20,568
Operating expenses	6,747	6,060	20,098	19,199
	<u>\$ 15,078</u>	<u>12,373</u>	<u>44,623</u>	<u>39,767</u>

(p) Income taxes

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

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current tax expense	<u>\$ 30,061</u>	<u>(1,326)</u>	<u>108,405</u>	<u>22,959</u>

(ii) The Company's income tax return for the years through 2018 were assessed and approved by the tax authorities.

(q) Capital and other equity

There was no significant change for capital and other equity for the periods from January 1 to September 30, 2021 and 2020. For the related information, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2020.

(i) Retained earnings

In accordance with amendment to Company's article of incorporation, it stipulates that the Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance is to be appropriated as follows:

- 1) Legal reserve should be at 10%.
- 2) Special reserve should be appropriated (reversed) in accordance with related rules.

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

- 3) Remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company's dividend policy is as follows:

In order for the requirement of future investment and shareholders' interest, the dividend payment is not lower than 50% of net profit or current year deduct legal reserve and the payment of cash dividend should exceed 25% of total dividends. It is authorized the resolution has been adopted by majority vote at a meeting of the Board of Directors attends by two-thirds of total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

- (ii) Distribution of earnings

On March 25, 2021, the Company's board of directors resolved to appropriate the 2020 earnings. On March 19, 2020, the Company's board of directors resolved to appropriate the 2019 earnings. These earnings were appropriate as follows:

	2020		2019	
	Amount per share	Amount	Amount per share	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.30	\$ <u>164,326</u>	0.30	<u>164,326</u>

- (iii) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non- controlling interest	Total
Balance on January 1, 2021	\$ (110,615)	226,554	(5,940)	109,999
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	359,844	(1,582)	358,262
Exchange differences on translation of foreign financial statements	(27,918)	-	(2,571)	(30,489)
Exchange differences on associates accounted for using equity method	3,185	-	-	3,185
Balance on September 30, 2021	\$ <u>(135,348)</u>	<u>586,398</u>	<u>(10,093)</u>	<u>440,957</u>

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

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non- controlling interest	Total
Balance on January 1, 2020	\$ (112,054)	81,616	534	(29,904)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	85,778	(2,092)	83,686
Exchange differences on translation of foreign financial statements	(13,963)	-	(3,210)	(17,173)
Exchange differences on associates accounted for using equity method	(2,847)	-	-	(2,847)
Disposal of equity instruments designated at fair value through other comprehensive income	-	(75,102)	-	(75,102)
Balance on September 30, 2020	<u>\$ (128,864)</u>	<u>92,292</u>	<u>(4,768)</u>	<u>(41,340)</u>

(r) Earning per share

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

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Basic earning per share				
Profit attributable to common shareholders of the Company	\$ <u>106,727</u>	<u>26,333</u>	<u>395,422</u>	<u>128,014</u>
Weighted-average number of common shares outstanding	<u>547,752</u>	<u>547,752</u>	<u>547,752</u>	<u>547,752</u>
Basic earnings per share (express in New Taiwan Dollar)	<u>\$ 0.19</u>	<u>0.05</u>	<u>0.72</u>	<u>0.23</u>
	For the three months ended September 30		For the nine months ended September 30	
	2021	2021	2021	2020
Diluted earning per share				
Profit attributable to common shareholders of the Company	\$ <u>106,727</u>	<u>26,333</u>	<u>395,422</u>	<u>128,014</u>
Weighted-average number of common shares outstanding	\$ 547,752	547,752	547,752	547,752
Effect of employee compensation	269	491	1,259	1,076
Weighted-average number of common shares outstanding (diluted)	<u>548,021</u>	<u>548,243</u>	<u>549,011</u>	<u>548,828</u>
Diluted earnings per share (express in New Taiwan Dollar)	<u>\$ 0.19</u>	<u>0.05</u>	<u>0.72</u>	<u>0.23</u>

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(s) Employees compensation and directors' remuneration

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

For the three months and nine months ended September 30, 2021 and 2020, the Company estimated its employee compensation amounting to \$6,902 thousand, \$2,223 thousand, \$25,610 thousand and \$8,002 thousand, and directors' remuneration amounting to \$2,761 thousand, \$889 thousand, \$10,244 thousand and \$3,201 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses for each period. The related information would be available at the Market Observation Post System Website. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years ended December 31, 2020 and 2019, the employee compensation amounted to \$14,077 thousand and \$24,143 thousand, and directors' remuneration amounting to \$5,631 thousand and \$9,658 thousand, respectively. There were no any difference between the actual disturbed amount and those recognized in the financial statements. The related information would be available at the Market Observation Post System Website.

(t) Revenue from contract with customers

(i) Disaggregation of revenue

		For the three months ended September 30, 2021						
		Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Others	Total
Primary geographical markets:								
Taiwan	\$	104,223	76,628	178,070	7,100	2,185	-	368,206
America		56,407	134,652	-	66,122	15,240	-	272,421
Asia		637,370	232,713	128,674	153,868	16,545	-	1,169,170
Europe		151,888	98,631	-	51,473	21,996	-	323,988
Other		27,516	22,958	-	5,895	5,023	-	61,392
	\$	977,404	565,582	306,744	284,458	60,989	-	2,195,177
Major products:								
Chemicals	\$	977,404	565,582	306,744	-	-	-	1,849,730
Toners		-	-	-	284,458	-	-	284,458
Other		-	-	-	-	60,989	-	60,989
	\$	977,404	565,582	306,744	284,458	60,989	-	2,195,177

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		For the three months ended September 30, 2020						
		Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Others	Total
Primary geographical markets:								
	Taiwan	\$ 88,226	73,636	191,256	14,483	2,000	703	370,304
	America	45,275	75,425	-	26,790	6,772	-	154,262
	Asia	576,742	202,469	97,359	133,708	10,646	-	1,020,924
	Europe	101,015	86,682	-	33,083	21,380	-	242,160
	Other	18,777	7,350	-	40,242	8,534	-	74,903
		<u>\$ 830,035</u>	<u>445,562</u>	<u>288,615</u>	<u>248,306</u>	<u>49,332</u>	<u>703</u>	<u>1,862,553</u>
Major products:								
	Chemicals	\$ 830,035	445,562	288,615	-	-	-	1,564,212
	Toners	-	-	-	248,306	-	-	248,306
	Other	-	-	-	-	49,332	703	50,035
		<u>\$ 830,035</u>	<u>445,562</u>	<u>288,615</u>	<u>248,306</u>	<u>49,332</u>	<u>703</u>	<u>1,862,553</u>
		For the nine months ended September 30, 2021						
		Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Other	Total
Primary geographical markets:								
	Taiwan	\$ 316,789	241,163	614,168	28,604	6,366	-	1,207,090
	America	193,589	342,241	-	132,418	31,408	-	699,656
	Asia	1,967,353	774,433	305,303	512,364	58,535	-	3,617,988
	Europe	532,203	380,151	-	159,556	77,874	-	1,149,784
	Other	66,755	47,746	-	15,230	21,226	-	150,957
		<u>\$ 3,076,689</u>	<u>1,785,734</u>	<u>919,471</u>	<u>848,172</u>	<u>195,409</u>	<u>-</u>	<u>6,825,475</u>
Major products:								
	Chemicals	\$ 3,076,689	1,785,734	919,471	-	-	-	5,781,894
	Toners	-	-	-	848,172	-	-	848,172
	Other	-	-	-	-	195,409	-	195,409
		<u>\$ 3,076,689</u>	<u>1,785,734</u>	<u>919,471</u>	<u>848,172</u>	<u>195,409</u>	<u>-</u>	<u>6,825,475</u>
		For the nine months ended September 30, 2020						
		Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Other	Total
Primary geographical markets:								
	Taiwan	\$ 274,464	180,185	563,011	34,126	5,263	2,421	1,059,470
	America	160,933	203,802	-	103,943	41,803	-	510,481
	Asia	1,683,634	577,809	241,079	456,510	30,500	-	2,989,532
	Europe	405,421	300,067	-	172,349	57,194	-	935,031
	Other	41,407	27,737	-	60,344	32,385	-	161,873
		<u>\$ 2,565,859</u>	<u>1,289,600</u>	<u>804,090</u>	<u>827,272</u>	<u>167,145</u>	<u>2,421</u>	<u>5,656,387</u>
Major products:								
	Chemicals	\$ 2,565,859	1,289,600	804,090	-	-	-	4,659,549
	Toners	-	-	-	827,272	-	-	827,272
	Other	-	-	-	-	167,145	2,421	169,566
		<u>\$ 2,565,859</u>	<u>1,289,600</u>	<u>804,090</u>	<u>827,272</u>	<u>167,145</u>	<u>2,421</u>	<u>5,656,387</u>

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(ii) Contract balance

	September 30, 2021	December 31, 2020	September 30, 2020
Receivables	\$ 1,874,127	1,663,885	1,516,348
Less: loss allowance	(76,708)	(66,516)	(73,492)
Total	\$ 1,797,419	1,597,369	1,442,856

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

(u) Non-operating income and expenses

(i) Interest income

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Interest income from bank deposits	\$ 826	777	3,410	2,520

(ii) Other income

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Dividend income	\$ 4,282	5,821	39,880	49,846

(iii) Other gains and losses

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Foreign exchange gains (losses), net	\$ (3,652)	5,383	(45,401)	(1,444)
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	109	(6,300)	(1,629)	(10,121)
Gains (losses) on disposal of property, plant and equipment	346	(1,423)	590	(1,761)
Subsidy revenue	5,290	3,090	7,809	5,846
Gains on writing off overdue payment	-	6,723	-	14,958
Others	17,432	20,499	50,250	52,119
Total	\$ 19,525	27,972	11,619	59,597

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(iv) Finance costs

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Interest expense	\$ 11,741	14,336	36,924	50,710

(v) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(w) of the consolidated financial statements for the year end December 31, 2020.

(i) Credit risk

1) Credit risk exposure

There was on concentration of credit risk.

2) Receivables securities

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

Other financial assets at amortized cost includes other receivables and refundable deposits. There were no loss allowance provision for the nine months ended September 30, 2021 and 2020. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

(ii) Liquidity risk

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

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

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION 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>2~5 years</u>	<u>Over 5 years</u>
December 31, 2020						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,871,991	1,874,141	1,874,141	-	-	-
Notes payable	181,329	181,329	181,329	-	-	-
Accounts payable	389,570	389,570	389,570	-	-	-
Lease liabilities	293,710	368,784	41,390	46,065	53,220	228,109
Other payable	407,211	407,211	407,211	-	-	-
Payables on equipment	17,545	17,545	17,545	-	-	-
Long-term borrowings (including current portion)	<u>1,290,000</u>	<u>1,315,642</u>	<u>40,342</u>	<u>1,074,168</u>	<u>201,132</u>	<u>-</u>
	<u>\$ 4,451,356</u>	<u>4,554,222</u>	<u>2,951,528</u>	<u>1,120,233</u>	<u>254,352</u>	<u>228,109</u>
September 30, 2020						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,100,980	2,109,858	2,109,858	-	-	-
Notes payable	137,660	137,660	137,660	-	-	-
Accounts payable	191,611	191,611	191,611	-	-	-
Lease liabilities	296,804	373,227	39,393	46,260	56,879	230,695
Other payable	270,299	270,299	270,299	-	-	-
Payables on equipment	5,715	5,715	5,715	-	-	-
Long-term borrowings (including current portion)	<u>1,440,000</u>	<u>1,490,179</u>	<u>57,266</u>	<u>880,383</u>	<u>552,530</u>	<u>-</u>
Subtotal	<u>4,443,069</u>	<u>4,578,549</u>	<u>2,811,802</u>	<u>926,643</u>	<u>609,409</u>	<u>230,695</u>
Derivative financial liabilities						
Financial liabilities as fair value through profit and loss	<u>10,286</u>	<u>10,286</u>	<u>10,286</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,453,355</u>	<u>4,588,835</u>	<u>2,822,088</u>	<u>926,643</u>	<u>609,409</u>	<u>230,695</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	<u>September 30, 2021</u>			<u>December 31, 2020</u>			<u>September 30, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
Monetary items									
USD	\$ 54,806	27.85	1,526,342	38,208	28.48	1,088,159	34,711	29.10	1,010,095
JPY	286,505	0.25	71,626	198,631	0.28	55,617	257,031	0.28	71,969
RMB	72,069	4.30	309,899	74,740	4.38	327,363	74,237	4.27	316,993

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	September 30, 2021			December 31, 2020			September 30, 2020		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial liabilities									
Monetary items									
USD	62,791	27.87	1,748,740	33,857	28.50	964,247	35,614	29.12	1,036,379
JPY	106,413	0.25	26,603	139,703	0.28	39,117	68,387	0.28	19,148
RMB	12,966	4.33	55,755	8,032	4.40	35,179	6,288	4.29	26,850

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, loans and borrowings, and accounts payable that are denominated in foreign currency. A strengthening (weakening) 1% of appreciation (depreciation) of the NTD against the USD, JPY and RMB for the nine months ended September 30, 2021 and 2020, would have changed the profit by \$614 thousand and \$2,533 thousand, respectively. The analysis is performed on the same basis for 2021 and 2020.

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the three months and nine months ended September 30, 2021 and 2020, foreign exchange losses (including realized and unrealized portions) are exchange gains (losses) amounted to \$(3,652) thousand, \$5,383 thousand, \$(45,401) thousand and \$(1,444) thousand, respectively.

(iv) Interest rate analysis

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

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

If the interest rate had increased/decreased by 1%, the Group's profit would have changed by \$24,825 thousand and \$28,328 thousand, respectively, for the nine months ended September 30, 2021 and 2020, with all other variable factors that remain constant. This is mainly due to the Group's borrowing at floating rates.

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(v) Other price risk

For the nine months ended September 30, 2021 and 2020, the sensitivity analyses for changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Prices of securities at reporting day	For the nine months ended September 30, 2021		For the nine months ended September 30, 2020	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increase 1%	\$ 13,786	-	9,017	-
Decrease 1%	\$ (13,786)	-	(9,017)	-

(vi) Fair value of financial instruments

1) Categories and fair values of financial instruments

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

	September 30, 2021				
	Carrying amount	Fair value			Total
Level 1		Level 2	Level 3		
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	\$ 90,221	90,221	-	-	90,221
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	1,288,579	1,288,579	-	-	1,288,579
Domestic unlisted common shares	90,055	-	-	90,055	90,055
Subtotal	1,378,634	1,288,579	-	90,055	1,378,634
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,351,983	-	-	-	-
Financial assets at amortized cost	3,615	-	-	-	-
Notes and accounts receivable	1,797,419	-	-	-	-
Other financial assets	39,369	-	-	-	-
Subtotal	3,192,386	-	-	-	-
Total	\$ 4,661,241	1,378,800	-	90,055	1,468,855

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	September 30, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 1,804	-	1,804	-	1,804
Financial liabilities measured at amortized cost					
Bank loans	3,103,092	-	-	-	-
Notes and accounts payable	615,844	-	-	-	-
Lease liabilities	274,152	-	-	-	-
Other payable	380,929	-	-	-	-
Payables on equipment	7,166	-	-	-	-
Subtotal	<u>4,381,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,382,987</u>	<u>-</u>	<u>1,804</u>	<u>-</u>	<u>1,804</u>
	December 31, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	\$ 60,100	60,100	-	-	60,100
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	944,615	944,615	-	-	944,615
Domestic unlisted common shares	50,190	-	-	50,190	50,190
Subtotal	<u>994,805</u>	<u>944,615</u>	<u>-</u>	<u>50,190</u>	<u>994,805</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,334,808	-	-	-	-
Financial assets at amortized cost	12,896	-	-	-	-
Notes and accounts receivable	1,597,369	-	-	-	-
Other financial assets	29,777	-	-	-	-
Subtotal	<u>2,974,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,029,755</u>	<u>1,004,715</u>	<u>-</u>	<u>50,190</u>	<u>1,054,905</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 3,161,991	-	-	-	-
Notes and accounts payable	570,899	-	-	-	-
Lease liabilities	293,710	-	-	-	-
Other payable	407,211	-	-	-	-
Payables on equipment	17,545	-	-	-	-
Total	<u>\$ 4,451,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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	September 30, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets mandatorily measured at fair value through profit or loss					
Monetary market fund	\$ 103,600	103,600	-	-	103,600
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	846,220	846,220	-	-	846,220
Domestic unlisted common shares	55,474	-	-	55,474	55,474
Subtotal	<u>901,694</u>	<u>846,220</u>	<u>-</u>	<u>55,474</u>	<u>901,694</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	1,209,747	-	-	-	-
Notes and accounts receivable	1,442,856	-	-	-	-
Other financial assets	30,420	-	-	-	-
Subtotal	<u>2,683,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,688,317</u>	<u>949,820</u>	<u>-</u>	<u>55,474</u>	<u>1,005,294</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 10,286	-	10,286	-	10,286
Financial liabilities measured at amortized cost					
Bank loans	\$ 3,540,980	-	-	-	-
Notes and accounts payable	329,271	-	-	-	-
Lease liabilities	296,804	-	-	-	-
Other payable	270,299	-	-	-	-
Payables on equipment	5,715	-	-	-	-
Subtotal	<u>4,443,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,453,355</u>	<u>-</u>	<u>10,286</u>	<u>-</u>	<u>10,286</u>

- 2) Valuation techniques for financial instruments measured at fair value
- a) Non-derivative instruments

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

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

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

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

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

Except the aforementioned financial instruments, with active market the others' fair value is based on valuation techniques. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting data.

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

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

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

- 3) Transfers between Level 1 and Level 2

The Group didn't have any fair value transfer between levels for the nine months ended September 30, 2021 and 2020.

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4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2021	\$ 50,190
Total gains or losses:	
Recognized in other comprehensive income	39,865
Balance on September 30, 2021	\$ 90,055
	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on January 1, 2020	\$ 62,036
Total gains or losses:	
Recognized in other comprehensive income	(6,562)
Balance on September 30, 2020	\$ 55,474

The aforementioned total gains or losses were included “unrealized gains (losses) on equity investment measured at fair value through other comprehensive income”, which related to holding assets on September 30, 2021 and 2020 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Recognized in other comprehensive income	\$ 31,747	(14,858)	39,865	(6,562)

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

The Group's financial instruments that use Level 3 inputs to measure fair value were “financial assets measured at fair value through other comprehensive income – debt investments”.

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

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets measured at fair value through other comprehensive income- equity investments without an active market	Comparable Listed companies approach	<ul style="list-style-type: none"> • Price-Book Ratio (as of September 30, 2021, December 31 and September 30, 2020 were 3.05~6.70, 3.35~4.46 and 3.07~3.52, respectively) • Market liquidity discount rate (as of September 30, 2021, December 31 and September 30, 2020 were all 20%) 	<ul style="list-style-type: none"> • The estimated fair value would increase if the multiplier was higher. • The estimated fair value would decrease if market liquidity discount rate was higher.

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

The Group's measurements of financial instruments' fair value were reasonable, only if using different variables leading different results. For the fair value measurements in level 3, if changing valuation variables, would have the following effects on other comprehensive income on September 30, 2021, December 31 and September 30, 2020:

<u>Inputs</u>	<u>Upwards or Downwards</u>	<u>Fair value variation on other comprehensive income</u>					
		<u>Favorable</u>			<u>Unfavorable</u>		
		<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Price-book ratio	5%	4,428	2,557	3,213	(4,428)	(2,557)	(3,213)
Market liquidity discount rate	5%	4,565	2,483	2,356	(4,565)	(2,483)	(2,356)

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

- (w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(x) of the consolidated financial statements for the year ended December 31, 2020.

- (x) Capital management

The Group's objectives, policies and processes of capital management were the same as those described in the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 6(y) of the consolidated financial statements for the year ended December 31, 2020.

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

Reconciliation of liabilities arising from financing activities were as follows:

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

	<u>January 1, 2020</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>September 30, 2020</u>
			<u>Foreign exchange movement</u>	<u>Others</u>	
Short-term borrowings	\$ 2,473,321	(368,315)	(4,026)	-	2,100,980
Long-term borrowings	1,459,748	(20,000)	-	252	1,440,000
Lease liabilities	309,045	(26,507)	(404)	14,670	296,804
Total liabilities from financing activities	<u>\$ 4,242,114</u>	<u>(414,822)</u>	<u>(4,430)</u>	<u>14,922</u>	<u>3,837,784</u>

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

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties

(i) Purchase

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

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
CHCIW	<u>\$ 10,922</u>	<u>8,452</u>	<u>30,378</u>	<u>22,448</u>

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

(ii) Payables to related parties

<u>Account</u>	<u>Name of related party</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes and accounts payable	CHCIW	<u>\$ 15,434</u>	<u>14,751</u>	<u>10,913</u>

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(c) Key management personnel compensation

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 6,483	6,704	22,008	22,826
Post-employment benefits	148	137	466	431
	<u>\$ 6,631</u>	<u>6,841</u>	<u>22,474</u>	<u>23,257</u>

(8) Pledged assets: None.

The carrying amounts of pledged assets were as follows:

Pledged assets	Pledged to secure	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivable	Short-term borrowings	\$ 99,049	-	-
Inventories	Short-term borrowings	33,629	-	-
		<u>\$ 132,678</u>	<u>-</u>	<u>-</u>

(9) Commitments and contingencies:

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

	September 30, 2021	December 31, 2020	September 30, 2020
Acquisition of property, plant and equipment	<u>\$ 109,992</u>	<u>58,272</u>	<u>82,966</u>

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

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

By item	By function	For the three months ended September 30, 2021			For the three months ended September 30, 2020		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		192,106	152,619	344,725	158,116	124,108	282,224
Labor and health insurance		16,906	14,168	31,074	16,156	13,121	29,277
Pension		9,731	7,717	17,448	8,054	7,337	15,391
Remuneration of directors		-	2,761	2,761	-	889	889
Others		6,098	4,004	10,102	6,151	2,546	8,697
Depreciation (note)		132,415	34,430	166,845	130,563	39,105	169,668
Amortization		444	7,317	7,761	-	4,887	4,887

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By item	By function	For the nine months ended September 30, 2021			For the nine months ended September 30, 2020		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		543,619	436,795	980,414	506,917	418,109	925,026
Labor and health insurance		50,558	44,045	94,603	51,527	43,209	94,736
Pension		28,681	23,053	51,734	25,844	22,983	48,827
Remuneration of directors		-	10,244	10,244	-	3,201	3,201
Others		18,966	12,221	31,187	18,909	10,875	29,784
Depreciation (note)		395,233	107,351	502,584	390,746	117,977	508,723
Amortization		1,554	21,965	23,519	318	14,925	15,243

Note: For the three months and the nine months ended September 30, 2021 and 2020, depreciation expenses recognized were \$166,908 thousand, \$169,689 thousand, \$502,773 thousand and \$508,744 thousand, respectively, less deferred gains of \$64 thousand, \$21 thousand, \$189 thousand and \$21 thousand, respectively.

(b) Seasonality of operations:

The Group's operations over not affected by seasonality or cyclicity factors.

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(13) Other disclosures:

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the nine months ended September 30, 2021:

1. Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related Party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Item	Value		
0	ECIC	EVSZ	Other receivable from related parties	Yes	142,675	139,250	-	-	2	-	Short-term operation financing	-	NA	-	865,351	3,461,404

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

Note2 : The nature of financing as follow:

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

2. Guarantees and endorsements for other parties

Number	Name of guarantor	Counter -party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements Amount	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/guarantees to subsidiary	Subsidiary endorsements/guarantees to parent company	Endorsements/guarantees to the companies in mainland China
		Name	Relationship with the Company (Note 2)										
0	ECIC	EVUS	Subsidiary	865,351	57,070	55,700	-	-	0.64%	2,163,377	Yes	No	No

Note1 : According to the Company’s Operating Procedures of Fund Lending and Guarantee, the amount of guarantees shall be limited to 25% of the Company’s net worth. The individual guarantee amount shall not exceed 10% of the Company’s net worth.

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

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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3. Securities held as of September 30, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of Shares/Units)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Note
				Shares/Units	Carrying value	Percentage of Ownership	Fair value	
ECIC	Jin Sun Money Market Fund	-	Financial assets at fair value through profit or loss-current	2,010	30,107	-	30,107	
"	Franklin Templeton Sinoam Money Market Fund	-	"	2,881	30,103	-	30,103	
"	CTBC Hwa-win Money Market Fund	-	"	2,698	30,011	-	30,011	
	Total				90,221		90,221	
ECIC	Polytronics Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	8,376	466,173	10%	1,009,307	
"	Chung Hwa Chemical Industrial Works, LTD	-	"	5,500	92,217	5%	172,700	
"	General Plastic Industrial Co., Ltd.	-	"	2,140	74,900	2%	53,286	
"	Andros Pharmaceuticals Co., Ltd.	-	"	3,880	77,800	15%	79,656	
GLTP	Taiwan Bio Therapeutics Co., Ltd.	-	"	414	11,400	1%	10,399	
TTI	General Plastic Industrial Co., Ltd.	-	"	2,140	74,900	2%	53,286	
			Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		581,244		-	
	Total				1,378,634		1,378,634	

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

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

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

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

Name of company	Counter-party	Nature of relationship	Purchase/Sale	Transaction details			Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
				Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
ECIC	EVEU	Subsidiary	Sale	520,080	7.62%	OA 90	Non material differences from those of third-parties	Non material differences from those of third-parties	38,491	2.05%	Note
"	EVUS	"	"	338,281	4.96%	OA 100	"	"	145,129	7.74%	Note
"	ELITE	"	"	322,819	4.73%	OA 100	"	"	108,195	5.77%	Note
"	EVSZ	"	"	191,013	2.80%	OA 90	"	"	63,357	3.38%	Note
"	EVSH	"	"	164,621	2.41%	OA 90	"	"	37,335	1.99%	Note
"	ETSH	"	"	151,570	2.22%	OA 90	"	"	48,463	2.59%	Note
"	ADSH	"	"	147,041	2.15%	OA 90	"	"	87,722	4.68%	Note
"	ETGZ	"	"	102,427	1.50%	OA 90	"	"	26,070	1.39%	Note
TTI	EVSZ	Associated company	"	105,004	1.54%	OA 90	"	"	32,370	1.73%	Note

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

Name of company	Counter-party	Nature of relationship	Ending balance (note)	Turnover rate	Overdue		Amounts received in subsequent period (As of November 11, 2021)	Loss allowance
					Amount	Action taken		
ECIC	EVUS	Subsidiary	145,129	4.61	-	-	39,893	-
"	ELITE	"	108,195	4.48	-	-	55,285	-

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

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

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

Number (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentages of the consolidated net revenue or total assets
0	ECIC	EVUS	1	Account receivable	145,129	No material differences from those of third parties	1.05%
0	"	EVEU	1	Operating revenue	520,080	"	7.62%
0	"	ELITE	1	"	322,819	"	4.73%
0	"	EVUS	1	"	338,281	"	4.96%
0	"	EVSZ	1	"	191,013	"	2.80%
0	"	EVSH	1	"	164,621	"	2.41%
0	"	ETSH	1	"	151,570	"	2.22%
0	"	ADSH	1	"	147,041	"	2.15%
0	"	ETGZ	1	"	102,427	"	1.50%
0	"	EVHK	1	"	79,464	"	1.16%
1	TTI	EVSZ	2	"	105,004	"	1.54%

Note 1: Company numbering as follows:

Parent company - 0

Subsidiary starts from 1

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

Parent company to subsidiary - 1

Subsidiary to subsidiary - 2

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

The following are the information on investees for the nine months ended September 30, 2021 (excluding investment in mainland China):

Units in Thousands

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance of September 30, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
ECIC	EVUS	America	Selling chemical product and related raw materials	88,868	88,868	300	100.00%	113,431	2,765	2,765	(Note 2)
"	EVHK	Hong Kong	Selling chemical product and related raw materials	34,579	34,579	1,000	100.00%	39,052	3,099	3,099	(Note 2)
"	EVSG	Singapore	Investing business	779,115	779,115	24,300	100.00%	941,030	25,442	25,442	(Note 2)
"	EVEU	Netherland	Selling chemical product and related raw materials	7,890	7,890	1	100.00%	67,125	26,739	26,739	(Note 2)
"	TTI	Hsinchu City	Manufacturing and selling toners of laser printer, copier and fax machine	242,192	242,192	44,906	76.15%	575,390	(9,877)	(7,521)	(Note 2)
"	ELITE	Turkey	Selling chemical product and related raw materials	45,016	45,016	22	50.00%	106,105	9,445	4,722	(Note 2)
"	GOODTV	Taipei City	Cable TV channels	19,000	19,000	1,900	22.35%	20,431	663	(161)	(Note 1)
"	TAK	Taoyuan City	Manufacturing of inductance core and cathode materials of Lithium ion battery	58,600	58,600	10,000	16.78%	41,933	25,737	4,704	(Note 1)
"	DCBM	Taoyuan City	Manufacturing of medical supplies and providing service of biological technology	62,555	62,555	6,325	91.26%	8,340	-	-	(Note 2)
"	GLTP	Taipei City	Investing business	100,000	100,000	10,000	100.00%	26,456	(8)	(8)	(Note 2)
	Unrealized gross profit on sales			-	-			(95,675)		-	
				1,437,815	1,437,815			1,843,618		59,781	

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

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(c) Information on investment in mainland China:

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

Units in Thousands

Name of investee	Main businesses and products	Total amount of paid-in capital		Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021		Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2021		Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period	
		USD	NTD		USD	NTD	Outflow	Inflow	USD	NTD					USD	TWD
ETSH (Note 9)	Selling chemical product and related raw materials	1,700 (Note 8)	47,345	(Note 1)	700	19,495			700	19,495	10,692	100.00%	10,692 (Note 2)	155,412	2,961	82,464
ETGZ (Note 9)	Selling chemical product and related raw materials	700 (Note 7)	19,495	(Note 7)	200	5,570			200	5,570	11,361	100.00%	11,361 (Note 2)	86,513	1,523	42,416
EVSH (Note 9)	Selling chemical product and related raw materials	1,250 (Note 5)	34,813	(Note 1)	1,100	30,635			1,100	30,635	2,561	100.00%	2,561 (Note 2)	149,051	950	26,458
EVSZ (Note 9)	Manufacturing and selling color chemical, toners and electronic high tech chemical product	20,700 (Note 5)	576,495	(Note 1)	18,600	518,010			18,600	518,010	1,376	100.00%	1,376 (Note 2)	554,325	-	-
ANDA (Note 9)	Selling electronic high tech chemical product	1,200 (Note 5)	33,420	(Note 1)	650	18,103			650	18,103	10,628	56.25%	5,978 (Note 3)	21,598	-	-
ADSH (Note 9)	Selling electronic high tech chemical product	157 (Note 6)	4,372	(Note 6)	-	-			-	-	11,443	56.25%	6,436 (Note 3)	14,061	-	-
3ESZ	Manufacturing and selling chemical product and related raw materials	6,600 (Note 5)	183,810	(Note 1)	2,490	69,347			2,490	69,347	12,250	40.00%	4,900 (Note 3)	59,451	-	-

Note 1: Reinvest in mainland China through third place (EVSG).

Note 2: These financial statements are reviewed by the same auditor of the Taiwan parent company and accounted for equity method.

Note 3: The amounts had been accounted for using equity method based upon the unreviewed financial statements of these investees.

Note 4: Exchange rate: NTD vs USD (1:27.85). Expressed in thousands of New Taiwan Dollars unless otherwise specified.

Note 5: EVSG invested in EVSH USD 150 thousand, EVSZ USD 1,470 thousand, ANDA USD 25 thousand and 3ESZ USD 150 thousand by owned funds.

Note 6: ANDA invested in ADSH amounted to RMB 1,000 thousand (USD 157 thousand) by owned funds.

Note 7: EVSZ invested in ETGZ USD 700 thousand by issuing shares.

Note 8: Included the capital increasing amounted to USD 1,000 thousand from earning.

Note 9: The amounts of the transaction and the ending balance had been eliminated in the consolidated financial statements.

(ii) Limitation on investment in mainland China:

Accumulated Investment in mainland China as of September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
708,420 (USD 25,437)	644,616 (USD 23,146)	5,374,472

As of September 30, 2021, the difference between accumulated investment in mainland China and investment amounts authorized by Investment Commission, MOEA was amounted to USD (2,291) thousand, including the follows:

(i) ETSH: capital increasing amounted to USD 1,000 thousand from earning.

(ii) EVSG: investment amounted to USD 2,425 thousand by owned funds.

(iii) EVSG: remittance of earnings amounted to USD (5,716) thousand.

(iii) Significant transactions:

For the nine months ended September 30, 2021, the information on direct or indirect significant transactions with investees in mainland China, which had been eliminated in the consolidated financial statements, is disclosed in Note (13)(a) Information on significant transactions.

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(d) Major shareholders :

(In Shares)

Shareholding Shareholder's Name	Shares	Percentage
CHEN,DING-CHUAN	63,000,000	11.50%
ETHICAL INVESTMENT CORPORATION	42,000,000	7.66%

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(14) Segment information:

(a) General information

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

	For the three months ended September 30, 2021							
	Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals	Others	Reconciliation and elimination	Total
Revenue from external customers	\$ 977,404	565,582	306,744	284,458	60,989	-	-	2,195,177
Intersegment revenue	-	-	-	-	-	-	-	-
Total revenue	<u>\$ 977,404</u>	<u>565,582</u>	<u>306,744</u>	<u>284,458</u>	<u>60,989</u>	<u>-</u>	<u>-</u>	<u>2,195,177</u>
Reportable segment profit (loss)	<u>\$ 106,932</u>	<u>46,549</u>	<u>32,952</u>	<u>(6,354)</u>	<u>(37,943)</u>	<u>(3,343)</u>	<u>-</u>	<u>138,793</u>
	For the three months ended September 30, 2020							
	Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals	Others	Reconciliation and elimination	Total
Revenue from external customers	\$ 830,035	445,562	288,615	248,306	49,332	703	-	1,862,553
Intersegment revenue	-	-	-	-	-	-	-	-
Total revenue	<u>\$ 830,035</u>	<u>445,562</u>	<u>288,615</u>	<u>248,306</u>	<u>49,332</u>	<u>703</u>	<u>-</u>	<u>1,862,553</u>
Reportable segment profit (loss)	<u>\$ 50,140</u>	<u>34,728</u>	<u>12,463</u>	<u>(36,451)</u>	<u>(43,967)</u>	<u>5,277</u>	<u>-</u>	<u>22,190</u>
	For the nine months ended September 30, 2021							
	Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals	Others	Reconciliation and elimination	Total
Revenue from external customers	\$ 3,076,689	1,785,734	919,471	848,172	195,409	-	-	6,825,475
Intersegment revenue	-	-	-	-	-	-	-	-
Total revenue	<u>\$ 3,076,689</u>	<u>1,785,734</u>	<u>919,471</u>	<u>848,172</u>	<u>195,409</u>	<u>-</u>	<u>-</u>	<u>6,825,475</u>
Reportable segment profit or loss	<u>\$ 378,260</u>	<u>184,845</u>	<u>45,876</u>	<u>(41,634)</u>	<u>(102,081)</u>	<u>45,578</u>	<u>-</u>	<u>510,844</u>
	For the nine months ended September 30, 2020							
	Color chemicals	Specialty chemicals	Electronic chemicals	Toner	Pharmaceuticals	Others	Reconciliation and elimination	Total
Revenue from external customers	\$ 2,565,859	1,289,600	804,090	827,272	167,145	2,421	-	5,656,387
Intersegment revenue	-	-	-	-	-	-	-	-
Total revenue	<u>\$ 2,565,859</u>	<u>1,289,600</u>	<u>804,090</u>	<u>827,272</u>	<u>167,145</u>	<u>2,421</u>	<u>-</u>	<u>5,656,387</u>
Reportable segment profit or loss	<u>\$ 162,421</u>	<u>111,413</u>	<u>16,963</u>	<u>(75,979)</u>	<u>(119,576)</u>	<u>51,869</u>	<u>-</u>	<u>147,111</u>