

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

**EVERLIGHT CHEMICAL INDUSTRIAL
CORPORATION**

Parent-Company-Only Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

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The independent auditors' report and the accompanying 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' report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Everlight Chemical Industrial Corporation:

Opinion

We have audited the financial statements of Everlight Chemical Industrial Corporation (“the Company”), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

- Revenue recognition

Please refer to note 4(o) and note 6(s) to the financial statements for the accounting policy of revenue and disclosure of revenue recognition.

Description of key audit matters

The Company is a listed company in related to public interest, and the investors are highly expecting the financial performance, resulting revenue recognition is one of the key judgmental areas of our audit.

How the matter was addressed in our audit

Our principle audit procedures included understanding the types of revenue, contract provisions and transaction terms to assess the accuracy of the timing of revenue recognition; conducting the variance analysis on the revenue from major customers to evaluate if there are any significant unusual transactions; as well as testing the design, operation and implementation of the effectiveness of internal control on revenue recognition. Furthermore, we also selected some samples of transaction records of sales within the balance sheet date in order to obtain the related transaction documents to evaluate the appropriateness of timing of recognition.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Huang, Ming-Hung and Tang, Chia-Chien.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2024

Notes to Readers

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying 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' audit report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Balance Sheets

December 31, 2023 and 2022

(expressed in thousands New Taiwan dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 866,586	8	666,659	6	2100	Short-term borrowings (note 6(j))	\$ 1,081,219	10	1,093,902	10
1110	Financial assets at fair value through profit or loss-current (note 6(b))	30,067	-	-	-	2151	Notes payable (note 7)	42,729	-	79,852	1
1136	Financial assets at amortized cost-current (note 6(b))	60,000	1	-	-	2170	Accounts payable (included related parties) (note 7)	474,364	4	268,002	2
1150	Notes receivable, net (notes 6(c) and (s))	44,737	-	46,112	-	2209	Other payables (included related parties) (notes 6(r) and 7)	314,522	3	373,742	3
1170	Accounts receivable, net (notes 6(c) and (s))	768,979	7	660,728	6	2213	Payables on equipment	20,860	-	33,685	-
1180	Accounts receivable due from related parties, net (notes 6(c), (s) and 7)	468,632	4	394,863	3	2230	Current tax liabilities	22,462	-	34,346	-
1210	Other receivables due from related parties (note 7)	29,987	-	6,986	-	2280	Lease liabilities-current (note 6(l))	10,516	-	8,800	-
130X	Inventories (note 6(d))	2,340,721	20	2,868,151	25	2399	Other current liabilities (note 6(m))	23,920	-	32,702	-
1476	Other current financial assets (note 10)	18,201	-	50,797	-		Total current liabilities	1,990,592	17	1,925,031	16
1479	Other current assets (note 6(g))	91,376	1	78,309	1		Non-current liabilities:				
	Total current assets	4,719,286	41	4,772,605	41	2541	Long-term bank loans (note 6(k))	900,000	8	1,000,000	9
	Non-current assets:					2570	Deferred tax liabilities (note 6(o))	80,296	1	95,327	1
1517	Financial assets at fair value through other comprehensive income-non-current (notes 6(b) and (u))	845,868	8	866,032	8	2580	Lease liabilities non-current (note 6(l))	9,476	-	11,635	-
1550	Investments accounted for using equity method (note 6(e))	1,901,077	17	2,009,543	17	2640	Net defined benefit liability (note 6(n))	18,273	-	74,720	1
1600	Property, plant and equipment (notes 6(f) and 9)	3,678,589	32	3,687,171	32	2670	Other non-current liabilities, others (note 6(m))	65,800	1	63,600	-
1755	Right-of-use-assets (note 6(h))	19,544	-	19,841	-		Total non-current liabilities	1,073,845	10	1,245,282	11
1780	Intangible assets (note 6(i))	112,009	1	148,171	1		Total liabilities	3,064,437	27	3,170,313	27
1840	Deferred tax assets (note 6(o))	39,741	-	56,690	-		Equity (notes 6(b), (e), (n), (o) and (p)):				
1915	Prepayments for equipment	90,081	1	63,028	1	3100	Common shares	5,477,522	48	5,477,522	47
1980	Other non-current financial assets (notes 6(c) and (s))	2,317	-	2,304	-	3200	Capital surplus	474,558	4	474,558	4
	Total non-current assets	6,689,226	59	6,852,780	59	3300	Retained earnings	2,351,733	21	2,432,588	21
						3400	Other equity	40,262	-	70,404	1
							Total equity	8,344,075	73	8,455,072	73
	Total assets	\$ 11,408,512	100	11,625,385	100		Total liabilities and equity	\$ 11,408,512	100	11,625,385	100

See accompanying notes to parent-company-only financial statements.

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION**Statements of Comprehensive Income****For the years ended December 31, 2023 and 2022****(expressed in thousands of New Taiwan dollars except for earnings per share)**

	2023		2022	
	Amount	%	Amount	%
4000 Operating revenue (notes 6(s) and 7)	\$ 6,108,600	100	6,782,782	100
5000 Operating costs (notes 6(d), (f), (h), (i), (l), (n), (r), 7 and 12)	5,008,425	82	5,413,588	80
5900 Gross profit from operations	1,100,175	18	1,369,194	20
5910 Realized (unrealized) gross profit from sales	18,783	-	18,019	-
5950 Gross profit from operations	1,118,958	18	1,387,213	20
6000 Operating expenses (notes 6(c), (f), (h), (i), (l), (n), (r), 7 and 12):				
6100 Selling expenses	478,197	8	612,542	9
6200 Administrative expenses	213,228	3	186,983	2
6300 Research and development expenses	310,164	5	326,420	5
6450 Expected credit loss (gain)	2,338	-	(3,908)	-
Total operating expenses	1,003,927	16	1,122,037	16
6900 Net operating income	115,031	2	265,176	4
7000 Non-operating income and expenses (notes 6(b), (e), (f), (l), (t) and 10):				
7100 Interest income	4,042	-	2,103	-
7010 Other income	20,731	-	42,743	1
7020 Other gains and losses	73,448	1	91,673	1
7050 Finance costs	(59,369)	(1)	(44,585)	(1)
7060 Share of gains of subsidiaries and associates accounted for using equity method	(55,760)	-	92,900	2
Total non-operating income and expense	(16,908)	-	184,834	3
7990 Income before income tax	98,123	2	450,010	7
7950 Income tax expenses (note 6(o))	12,257	-	75,578	1
Net income	85,866	2	374,432	6
8300 Other comprehensive income (notes 6(e), (n), (o), (p) and (u)):				
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311 Gains on remeasurements of defined benefit plans	30,492	-	90,507	1
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(20,164)	-	(587,611)	(9)
8330 Share of other comprehensive income of subsidiaries accounted for using equity method	6,693	-	10,250	-
8349 Income tax related to components that may not be reclassified to profit or loss	(6,098)	-	(18,101)	-
Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	10,923	-	(504,955)	(8)
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(7,009)	-	55,307	1
8380 Share of other comprehensive income of associates accounted for using equity method	(9,064)	-	(1,976)	-
8399 Income tax related to components that may be reclassified to profit or loss	-	-	-	-
Total components of other comprehensive income (loss) that will be reclassified to profit or loss	(16,073)	-	53,331	1
8300 Other comprehensive income(after tax)	(5,150)	-	(451,624)	(7)
8500 Total comprehensive income	\$ 80,716	2	(77,192)	(1)
9750 Basic earnings per share (note 6(q)) (expressed in New Taiwan dollars)	\$ 0.16		0.68	
9850 Diluted earnings per share (note 6(q)) (expressed in New Taiwan dollars)	\$ 0.16		0.68	

See accompanying notes to parent-company-only financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(expressed in thousands of New Taiwan dollars)

	Retained earnings					Other equity		Total	Total equity	
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income			
Balance on January 1, 2022	\$ 5,477,522	474,558	1,104,566	30,438	1,113,761	2,248,765	(130,318)	735,613	605,295	8,806,140
Net income	-	-	-	-	374,432	374,432	-	-	-	374,432
Other comprehensive income	-	-	-	-	73,024	73,024	53,331	(577,979)	(524,648)	(451,624)
Total comprehensive income	-	-	-	-	447,456	447,456	53,331	(577,979)	(524,648)	(77,192)
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	39,381	-	(39,381)	-	-	-	-	-
Cash dividends	-	-	-	-	(273,876)	(273,876)	-	-	-	(273,876)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	10,243	10,243	-	(10,243)	(10,243)	-
Balance on December 31, 2022	5,477,522	474,558	1,143,947	30,438	1,258,203	2,432,588	(76,987)	147,391	70,404	8,455,072
Net income	-	-	-	-	85,866	85,866	-	-	-	85,866
Other comprehensive income	-	-	-	-	24,598	24,598	(16,073)	(13,675)	(29,748)	(5,150)
Total comprehensive income	-	-	-	-	110,464	110,464	(16,073)	(13,675)	(29,748)	80,716
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	45,770	-	(45,770)	-	-	-	-	-
Cash dividends	-	-	-	-	(191,713)	(191,713)	-	-	-	(191,713)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	394	394	-	(394)	(394)	-
Balance on December 31, 2023	\$ 5,477,522	474,558	1,189,717	30,438	1,131,578	2,351,733	(93,060)	133,322	40,262	8,344,075

See accompanying notes to parent-company-only financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(expressed in thousands of New Taiwan dollars)

	2023	2022
Cash flows from operating activities:		
Income before income tax	\$ 98,123	450,010
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	495,990	508,908
Amortization expense	42,930	31,835
Expected credit losses (gains)	2,338	(3,908)
Net gains on financial assets at fair value through profit and loss	(153)	(118)
Interest expense	59,369	44,585
Interest income	(4,042)	(2,103)
Dividend income	(20,731)	(42,743)
Share of (gains) losses of subsidiaries and associates accounted for using equity method	55,760	(92,900)
Losses (gains) on disposal of property, plants and equipment	(1,607)	3,110
Losses on disposal of investment prosperities	-	7,219
Realized gross profit from sales	(18,783)	(18,019)
Losses (gains) due to disaster	(6,352)	32,851
Total adjustments to reconcile profit	604,719	468,717
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	1,375	16,609
Accounts receivable and overdue receivable (under other non-current financial assets)	(110,589)	188,403
Accounts receivable due from related parties	(73,769)	197,553
Other receivable due from related parties	(23,001)	5,226
Inventories	527,430	(449,715)
Other current financial assets	32,679	92
Other current assets	(11,912)	17,754
Total changes in operating assets	342,213	(24,078)
Changes in operating liabilities:		
Notes payable	(37,123)	(159,057)
Accounts payable (includes related parties)	206,362	(22,273)
Other payables (includes related parties)	(58,203)	(66,709)
Other current liabilities	(40,582)	(4,616)
Net defined benefit liabilities	(25,955)	(49,606)
Increase (decrease) in other non-current liabilities	34,000	(2,167)
Total changes in operating liabilities	78,499	(304,428)
Total changes in operating assets and liabilities	420,712	(328,506)
Total adjustments	1,025,431	140,211
Cash inflow generated from operations	1,123,554	590,221
Interest received	3,959	2,117
Dividends received	82,840	46,857
Income taxes paid	(30,873)	(86,652)
Net cash flows from operating activities	1,179,480	552,543
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through profit or loss	(120,000)	(30,000)
Proceeds from disposal of financial assets at fair value through profit or loss	90,086	90,365
Acquisition of financial assets at amortized cost	(210,000)	-
Proceeds from disposal of financial assets at amortized cost	150,000	3,502
Acquisition of financial assets at fair value through other comprehensive income	-	(25,320)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	31,169
Acquisition of investments accounted for using equity method	-	(15,175)
Acquisition of property, plant and equipment	(334,965)	(196,271)
Proceeds from disposal of property, plant and equipment	2,360	2,067
Acquisition of intangible assets	(17,844)	(69,441)
Proceeds from disposal of intangible assets	11,076	-
Increase in other non-current financial assets	(13)	(111)
Increase in prepayments for equipment	(167,186)	(123,104)
Net cash used in investing activities	(596,486)	(332,319)
Cash flows used in financing activities:		
Increase in short-term borrowings	4,629,244	4,678,176
Decrease in short-term borrowings	(4,641,927)	(4,893,137)
Proceeds from long-term borrowings	2,500,000	-
Repayments of long-term borrowings	(2,600,000)	-
Payment of lease liabilities	(10,504)	(10,020)
Cash dividends paid	(191,713)	(273,876)
Interest paid	(68,167)	(45,701)
Net cash used in financing activities	(383,067)	(544,558)
Net increase (decrease) in cash and cash equivalents	199,927	(324,334)
Cash and cash equivalents at beginning of period	666,659	990,993
Cash and cash equivalents at end of period	\$ 866,586	666,659

See accompanying notes to parent-company-only financial statements.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements
For the years ended December 31, 2023 and 2022
(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 Group limited by shares and registered in accordance with the ROC Company Act. The Company engages in manufacturing and selling of dye, UV absorber, specialty chemicals, electronic chemicals, pharmaceutical product and material, chemical intermediary photoresistance, and etc.

(2) Approval date and procedures of the financial statements

These parent-company-only financial statements were authorized for issuance by the Board of Directors on March 14, 2024.

(3) New standards, amendments and interpretations adopted

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

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

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

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

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

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

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

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

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

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

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

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

(4) Summary of material accounting policies

The material accounting policies presented in the parent-company-only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

- (a) Statement of compliance

These parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

- 1) Financial assets at fair value through profit or loss are measured at fair value;
- 2) Fair value through other comprehensive income are measured at fair value; and
- 3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(p).

- (ii) Functional and presentation currency

The functional currency is determined based on the primary economic environment in which the entity operates. The parent-company-only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Exchange differences are generally recognized in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Account receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI)– equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivable, refundable deposits and other financial assets).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECLs), except for the following which are measured as 12-month ECLs:

- Cash in bank, other receivable, refundable deposits and other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for account receivables and contract assets are always measured at an amount equal to lifetime ECLs.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
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When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company holds time deposits for domestic financial institutions, it is considered to be low credit risk.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 365 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
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The parent-company-only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, investments in subsidiaries which are controlled by the Company, are accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Land improvements	20 years
2) buildings and construction	3~65 years
3) equipment	3~15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) REACH registration related expense	5 years
2) Software	5 years
3) Others	3~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

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Site restoration

In accordance with the Company's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognized when the land is contaminated.

(m) Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability as a lessee at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (i) fixed payments, including in-substance fixed payments;
- (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (iii) amounts expected to be payable under a residual value guarantee; and
- (iv) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (i) there is a change in future lease payments arising from the change in an index or rate; or
- (ii) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- (iii) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

- (iv) there is a change of its assessment on whether it will exercise a extension or termination option; or
- (v) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment and leases of transportation equipment that have a lease term of 12 months or less and leases of low-value assets.

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. For other assets, except for goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized

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(o) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over use the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss. The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

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(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to common shareholders of the Company. Basic earnings per share are calculated as the profit attributable to common shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(s) Operating segments

The Company discloses its segment reporting in the consolidated financial statements. Therefore, the Company does not disclose segment information in the parent-company-only financial statements.

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

In preparing these parent-company-only financial statements, management has made 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.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
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The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Company is likely to be facing economic uncertainties, such as natural disasters, international political uncertainty and inflation. Those events may have a significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

- (a) Judgment of whether the Company has substantive control over its investees, please refer to consolidated financial statements for the year ended December 31, 2023.
- (b) Judgment regarding significant influence of investees

The Company holds 16.78% of the outstanding voting shares of TAK Technology Co., Ltd. and is the single largest shareholder of the investee. Although the remaining 83.22% of TAK Technology Co., Ltd.'s shares are not concentrated within specific shareholders, the Company still cannot obtain more than half of the total number of TAK Technology Co., Ltd.'s directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Company has significant influence but not control over TAK Technology Co., Ltd.

The accounting policy and disclosure of the Company include measuring the financial and non-financial assets and financial liabilities at fair value. The accounting department of the Company uses information of external information to make the evaluation result agreeable to the market status and to ensure that the data resources are independent, reliable and consistent with the other resources. The accounting department of the Company regularly revises the input parameters, makes retrospective review and makes essential adjustments of evaluation models to ensure that the evaluation results is reasonable.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in note 6(x).

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(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 1,320	1,411
Cash in bank	809,448	577,088
Time deposits	<u>55,818</u>	<u>88,160</u>
Cash and cash equivalents	<u>\$ 866,586</u>	<u>666,659</u>

Please refer to Note 6(u) for the currency risk sensitivity analysis of the financial assets and liabilities of the Company.

(b) Financial assets

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

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit and loss:		
Monetary market fund	<u>\$ 30,067</u>	<u>-</u>

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

	December 31, 2023	December 31, 2022
Stocks listed on domestic markets	\$ 693,519	651,373
Stocks unlisted on domestic markets	<u>152,349</u>	<u>214,659</u>
	<u>\$ 845,868</u>	<u>866,032</u>

The Company 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 Company intends to hold for long-term for strategic purposes.

For the year ended December 31, 2022, the Company had sold the partial of financial assets at fair value through other comprehensive income for strategic plan. The shares sold had a fair value of \$31,169, and the Company realized a gain of \$10,243, which is already included in other comprehensive income. The gain has been transferred to retained earnings. There was no such transaction for the year ended December 31, 2023.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(iii) Financial assets at amortized cost-current

	December 31, 2023	December 31, 2022
Government bonds	\$ 60,000	-

The Company purchased government bonds, with a face value of \$60,000 in December 2023. The due date of government bonds was January 15, 2024, and its effective interest rate was 0.93%~0.95%. There was no such transaction for the year ended December 31, 2022.

(iv) For credit risk, please refer to Note 6(u).

(v) The aforementioned financial assets were not pledged.

(vi) Derivative financial instruments – non-hedge

The Company hold derivative financial instruments to hedge its foreign currency and interest rate exposures. However, the derivative financial instruments can't meet the criteria for hedge accounting. The Company recognized gain on forward exchange contracts and foreign currency options amounted to \$12,543 and \$7,040 in 2023 and 2022, respectively.

(c) Receivables

	December 31, 2023	December 31, 2022
Notes receivable	\$ 44,738	46,113
Accounts receivable	782,245	671,894
Accounts receivable from related parties	468,632	394,863
Overdue receivable (under other non-current financial assets)	18,054	18,454
Less: loss allowance	(31,321)	(29,621)
	\$ 1,282,348	1,101,703

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

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,275,722	0.00%~0.00%	34
1 to 90 days past due	19,552	0.24%~65.94%	12,892
91 to 365 days past due	341	100%	341
More than 365 days past due	18,054	100%	18,054
	\$ 1,313,669		31,321

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,092,469	0.00%~0.08%	874
1 to 90 days past due	20,401	5.69%~54.59%	10,293
91 to 365 days past due	-	-	-
More than 365 days past due	18,454	100%	18,454
	\$ 1,131,324		29,621

The detail of loss allowance were as follows:

	December 31, 2023	December 31, 2022
Notes receivable	\$ 1	1
Accounts receivable	13,266	11,166
Overdue receivable	18,054	18,454
	\$ 31,321	29,621

The movement in the allowance for receivables were as follows:

	For the years ended December 31	
	2023	2022
Balance on January 1, 2023	\$ 29,621	33,529
Impairment losses recognized (reversed)	2,338	(3,908)
Amounts written off	(638)	-
Balance on December 31, 2023	\$ 31,321	29,621

The aforementioned financial assets were not pledged.

(d) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 623,472	867,982
Supplies	18,763	19,416
Work in progress	369,898	361,799
Finished goods	1,328,588	1,618,954
	\$ 2,340,721	2,868,151

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

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

	<u>2023</u>	<u>2022</u>
Losses (gains) on valuation of inventories	\$ (999)	5,269
Losses on obsolescence	1,531	6,417
Losses on inventory count	1,546	5,458
Unallocated production overheads	269,115	160,213
Scrap income	<u>(1,633)</u>	<u>(2,154)</u>
	<u><u>\$ 269,560</u></u>	<u><u>175,203</u></u>

As of December 31, 2023 and 2022, the aforementioned 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>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries	\$ 1,845,656	1,944,061
Associates	<u>55,421</u>	<u>65,482</u>
	<u><u>\$ 1,901,077</u></u>	<u><u>2,009,543</u></u>

(ii) Subsidiaries

Please refer to consolidated financial statements for the year ended December 31, 2023.

(iii) Associates

Summary of financial information for the individually insignificant investments in associates accounted for using the equity method were as follows. The aforementioned financial information was included in the parent-company-only financial statements of the Company.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of individually insignificant associates	<u>\$ 55,421</u>	<u>65,482</u>
	<u>2023</u>	<u>2022</u>
Attributable to the Company:		
Profit from continuing operations	\$ (8,032)	595
Other comprehensive income	<u>(9,064)</u>	<u>(1,976)</u>
Total comprehensive income	<u><u>\$ (17,096)</u></u>	<u><u>(1,381)</u></u>

(iv) The aforementioned investment accounted for using equity method were not pledged.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(f) Property, plant and equipment

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

	<u>Land</u>	<u>Land improvement</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, 2023	\$ 890,375	159,000	3,350,896	8,066,423	120,413	12,587,107
Additions	-	34,700	12,199	117,127	167,292	331,318
Disposals	-	-	(60,768)	(179,805)	-	(240,573)
Reclassification (note)	-	2,001	21,718	174,805	(41,922)	156,602
Balance on December 31, 2023	<u>\$ 890,375</u>	<u>195,701</u>	<u>3,324,045</u>	<u>8,178,550</u>	<u>245,783</u>	<u>12,834,454</u>
Balance on January 1, 2022	\$ 890,375	159,000	3,332,552	8,206,188	136,081	12,724,196
Additions	-	-	9,397	87,359	90,138	186,894
Disposals	-	-	(5,855)	(403,929)	(1,345)	(411,129)
Reclassification (note)	-	-	14,802	176,805	(104,461)	87,146
Balance on December 31, 2022	<u>\$ 890,375</u>	<u>159,000</u>	<u>3,350,896</u>	<u>8,066,423</u>	<u>120,413</u>	<u>12,587,107</u>
Accumulated depreciation and impairment:						
Balance on January 1, 2023	\$ -	20,538	2,365,717	6,513,681	-	8,899,936
Depreciation	-	9,541	122,690	353,401	-	485,632
Disposals	-	-	(50,652)	(179,051)	-	(229,703)
Balance on December 31, 2023	<u>\$ -</u>	<u>30,079</u>	<u>2,437,755</u>	<u>6,688,031</u>	<u>-</u>	<u>9,155,865</u>
Balance on January 1, 2022	\$ -	12,588	2,245,955	6,498,545	-	8,757,088
Depreciation	-	7,950	125,557	365,478	-	498,985
Disposals	-	-	(5,795)	(350,342)	-	(356,137)
Balance on December 31, 2022	<u>\$ -</u>	<u>20,538</u>	<u>2,365,717</u>	<u>6,513,681</u>	<u>-</u>	<u>8,899,936</u>
Carrying amounts:						
Balance on December 31, 2023	<u>\$ 890,375</u>	<u>165,622</u>	<u>886,290</u>	<u>1,490,519</u>	<u>245,783</u>	<u>3,678,589</u>
Balance on January 1, 2022	<u>\$ 890,375</u>	<u>146,412</u>	<u>1,086,597</u>	<u>1,707,643</u>	<u>136,081</u>	<u>3,967,108</u>
Balance on December 31, 2022	<u>\$ 890,375</u>	<u>138,462</u>	<u>985,179</u>	<u>1,552,742</u>	<u>120,413</u>	<u>3,687,171</u>

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

(i) For the years ended December 31, 2023 and 2022, the Company capitalized the interest expenses on construction in progress, amounted to \$9,178 and \$4,665, respectively, and the monthly interest rate used for capitalization calculation were 0.28% and 0.08%~0.18%, respectively.

(ii) As of December 31, 2023 and 2022, the property, plant and equipment of the Company were not pledged.

(g) Other current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments	\$ 60,968	59,232
Offset against business tax payable and input taxes	24,210	19,077
Temperary payments	6,198	-
	<u>\$ 91,376</u>	<u>78,309</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(h) Right-of-use assets

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

	<u>Buildings and construction</u>	<u>Equipment</u>	<u>Total</u>
Cost:			
Balance on January 1, 2023	\$ 43,515	13,521	57,036
Acquisitions	8,152	1,909	10,061
Disposals	<u>(8,580)</u>	<u>(1,513)</u>	<u>(10,093)</u>
Balance on December 31, 2023	<u>\$ 43,087</u>	<u>13,917</u>	<u>57,004</u>
Balance on January 1, 2022	\$ 43,387	12,878	56,265
Acquisitions	128	2,139	2,267
Disposals	<u>-</u>	<u>(1,496)</u>	<u>(1,496)</u>
Balance on December 31, 2022	<u>\$ 43,515</u>	<u>13,521</u>	<u>57,036</u>
Accumulated depreciation:			
Balance on January 1, 2023	\$ 30,724	6,471	37,195
Depreciation	8,172	2,186	10,358
Disposals	<u>(8,580)</u>	<u>(1,513)</u>	<u>(10,093)</u>
Balance on December 31, 2023	<u>\$ 30,316</u>	<u>7,144</u>	<u>37,460</u>
Balance on January 1, 2022	\$ 22,994	5,774	28,768
Depreciation	7,730	2,193	9,923
Disposals	<u>-</u>	<u>(1,496)</u>	<u>(1,496)</u>
Balance on December 31, 2022	<u>\$ 30,724</u>	<u>6,471</u>	<u>37,195</u>
Carrying amount:			
Balance on December 31, 2023	<u>\$ 12,771</u>	<u>6,773</u>	<u>19,544</u>
Balance on January 1, 2022	<u>\$ 20,393</u>	<u>7,104</u>	<u>27,497</u>
Balance on December 31, 2022	<u>\$ 12,791</u>	<u>7,050</u>	<u>19,841</u>

(i) Intangible assets

The movement in intangible assets were as follows:

	<u>REACH registration related expenses</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
Cost:				
Balance on January 1, 2023	\$ 229,145	58,275	2,267	289,687
Additions	11,369	6,475	-	17,844
Disposals	<u>(11,076)</u>	<u>-</u>	<u>-</u>	<u>(11,076)</u>
Balance on December 31, 2023	<u>\$ 229,438</u>	<u>64,750</u>	<u>2,267</u>	<u>296,455</u>
Balance on January 1, 2022	\$ 217,979	-	2,267	220,246
Additions	<u>11,166</u>	<u>58,275</u>	<u>-</u>	<u>69,441</u>
Balance on December 31, 2022	<u>\$ 229,145</u>	<u>58,275</u>	<u>2,267</u>	<u>289,687</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

	REACH registration related expenses	Software	Others	Total
Accumulated amortization:				
Balance on January 1, 2023	\$ 139,308	-	2,208	141,516
Amortization	<u>29,930</u>	<u>12,950</u>	<u>50</u>	<u>42,930</u>
Balance on December 31, 2023	<u>\$ 169,238</u>	<u>12,950</u>	<u>2,258</u>	<u>184,446</u>
Balance on January 1, 2022	\$ 107,579	-	2,102	109,681
Amortization	<u>31,729</u>	<u>-</u>	<u>106</u>	<u>31,835</u>
Balance on December 31, 2022	<u>\$ 139,308</u>	<u>-</u>	<u>2,208</u>	<u>141,516</u>
Carrying amounts:				
Balance on December 31, 2023	<u>\$ 60,200</u>	<u>51,800</u>	<u>9</u>	<u>112,009</u>
Balance on January 1, 2022	<u>\$ 110,400</u>	<u>-</u>	<u>165</u>	<u>110,565</u>
Balance on December 31, 2022	<u>\$ 89,837</u>	<u>58,275</u>	<u>59</u>	<u>148,171</u>

(i) Amortization expense

For the years ended December 31, 2023 and 2022, the amortization of intangible assets are included in the statement of comprehensive income as follows:

	<u>2023</u>	<u>2022</u>
Operating costs and expenses	<u>\$ 42,930</u>	<u>31,835</u>

(ii) Pledge

As of December 31, 2023 and 2022, the intangible assets of the Company were not pledged.

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>Borrowing currency</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank loans	NTD	\$ 550,000	300,000
Unsecured bank loans	USD	<u>531,219</u>	<u>793,902</u>
Total		<u>\$ 1,081,219</u>	<u>1,093,902</u>
Unused credit lines		<u>\$ 3,024,894</u>	<u>2,551,923</u>
Range of interest rates		<u>1.74%~6.86%</u>	<u>1.55%~6.40%</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(k) Long-term borrowings

The long-term borrowings were summarized as follows:

December 31, 2023			
Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.88%~1.98%	2025.01~2026.10 \$ <u>900,000</u>
Unused credit lines			\$ <u>350,000</u>

December 31, 2022			
Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.65%~2.00%	2024.05~2027.12 \$ <u>1,000,000</u>
Unused credit lines			\$ <u>250,000</u>

The Company had not pledged the assets as collateral for bank loans.

(l) Lease liabilities

The carry amount of lease liabilities were as follow:

	December 31, 2023	December 31, 2022
Current	\$ <u>10,516</u>	\$ <u>8,800</u>
Non-current	\$ <u>9,476</u>	\$ <u>11,635</u>

For the maturity analysis, please refer to Note 6(u).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	\$ <u>311</u>	\$ <u>364</u>
Expenses relating to short-term leases	\$ <u>1,734</u>	\$ <u>1,886</u>

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

	2023	2022
Total cash outflow for leases	\$ <u>12,549</u>	\$ <u>12,270</u>

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

For the years ended December 31, 2023 and 2022, the Company leases 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 7 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 Company leases office equipment and vehicles, with lease periods ranging from 1 to 3 years, which are recognized as short-term or lower-price lease. The Company elected to apply the practical expedients by not recognizing its relative right-of-use assets and lease liabilities.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(m) Provisions

The movements of the provisions were as follows:

	December 31, 2023	December 31, 2022
Balance on January 1	\$ 87,450	87,450
Additions	34,000	-
Decreases	<u>(39,750)</u>	<u>-</u>
Balance on December 31	<u>\$ 81,700</u>	<u>87,450</u>

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

(n) Employee benefits

(i) Defined benefit plans

Reconciliations of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	\$ 719,068	797,392
Fair value of plan assets	<u>(700,795)</u>	<u>(722,672)</u>
Net defined benefit liabilities	<u>\$ 18,273</u>	<u>74,720</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan and Nanshan life insurance nonforfeiture values that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to received retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance and Nan-shan life insurance nonforfeiture values amounted to \$700,795 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

2) Movements in present value of the defined benefit obligations

For the years ended December 31, 2023 and 2022, the movements in present value of the defined benefit obligations for the Company were as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligations as of January 1	\$ 797,392	884,896
Current service costs and interest cost	20,232	14,177
Net remeasurements of defined benefit liabilities		
— Actuarial gains arising from changes in financial assumptions	(27,830)	(37,869)
Benefits paid by the plan	<u>(70,726)</u>	<u>(63,812)</u>
Defined benefit obligations as of December 31	<u><u>\$ 719,068</u></u>	<u><u>797,392</u></u>

3) Movements of defined benefit plan assets

For the years ended December 31, 2023 and 2022, the movements in the fair value of the plan assets were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets as of January 1	\$ 722,672	670,063
Return on plan assets	12,580	4,141
Net remeasurements of the defined benefit liabilities		
— Actuarial gains arising from changes in financial assumptions	2,662	52,638
Contributions paid to the plan	11,278	54,001
Benefits paid by the plan	<u>(48,397)</u>	<u>(58,171)</u>
Fair value of plan assets as of December 31	<u><u>\$ 700,795</u></u>	<u><u>722,672</u></u>

4) Expenses recognized in profit or loss

	<u>2023</u>	<u>2022</u>
Current service costs	\$ 6,532	8,742
Net interest expense of net defined benefit liabilities	<u>1,120</u>	<u>1,294</u>
	<u><u>\$ 7,652</u></u>	<u><u>10,036</u></u>
	<u>2023</u>	<u>2022</u>
Operating costs	\$ 4,550	5,747
Administration expenses	2,064	3,022
Research and development expenses	<u>1,038</u>	<u>1,267</u>
	<u><u>\$ 7,652</u></u>	<u><u>10,036</u></u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

- 5) Remeasurement of net defined benefit (liabilities) assets recognized in other comprehensive income

The Company's remeasurement of the net defined benefit (liabilities) assets recognized in other comprehensive income for the years ended December 31, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Accumulated amount as of January 1	\$ (113,922)	(204,429)
Recognized during the period	<u>30,492</u>	<u>90,507</u>
Accumulated amount as of December 31	<u><u>\$ (83,430)</u></u>	<u><u>(113,922)</u></u>

- 6) Actuarial assumptions

The principal actuarial assumptions were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.375 %	1.750 %
Future salary increasing rate	1.500 %	2.000 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$7,792.

The weighted-average lifetime of the defined benefits plans is 9.84 years.

- 7) Sensitivity analysis

As of December 31, 2023 and 2022, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<u>The impact of defined benefit obligations</u>	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2023		
Discount rate	\$ (12,973)	13,325
Future salary increasing rate	12,920	(12,635)
December 31, 2022		
Discount rate	(15,352)	15,816
Future salary increasing rate	15,342	(14,960)

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

The method and assumptions used on current sensitivity analysis is the same as those of the prior year.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the defined contributions plans amounted to \$36,725 and \$37,247 for the years ended December 31, 2023 and 2022, respectively.

(o) Income taxes

(i) Income tax expense

The components of income tax expenses (benefit) for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense		
Current period	\$ 22,462	29,938
Adjustment for prior periods	(6,025)	4,407
	<u>16,437</u>	<u>34,345</u>
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	(4,180)	41,233
Income tax expense	<u>\$ 12,257</u>	<u>75,578</u>

The amounts of income tax expenses (benefit) recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Components that with not be reclassified to profit or loss:		
Remeasurements from defined benefit plans	<u>\$ 6,098</u>	<u>18,101</u>

Reconciliations of income tax expense and profit before tax for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Profit excluding income tax	<u>\$ 98,123</u>	<u>450,010</u>
Income tax using the Company's domestic tax rate	\$ 19,624	90,002
Additional tax on undistributed earnings	299	-
Dividend revenue	(4,146)	(8,548)
Adjustment for prior periods	(6,025)	4,407
Others	2,505	(10,283)
Income tax expense	<u>\$ 12,257</u>	<u>75,578</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

As of December 31, 2023 and 2022, the Company has no unrecognized deferred tax assets and liabilities.

2) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax assets:

	Allowance for impairment of receivables	Allowance for valuation of inventories	Defined benefit plans	Unrealized foreign exchange gains	Other	Total
Balance as of January 1, 2023	\$ 3,662	3,328	14,944	-	34,756	56,690
Recognized in profit or loss	(25)	(200)	(5,191)	295	(5,730)	(10,851)
Recognized in other comprehensive income	-	-	(6,098)	-	-	(6,098)
Balance as of December 31, 2023	<u>\$ 3,637</u>	<u>3,128</u>	<u>3,655</u>	<u>295</u>	<u>29,026</u>	<u>39,741</u>
Balance as of January 1, 2022	\$ 3,639	2,274	42,966	-	58,581	107,460
Recognized in profit or loss	23	1,054	(9,921)	-	(23,825)	(32,669)
Recognized in other comprehensive income	-	-	(18,101)	-	-	(18,101)
Balance as of December 31, 2022	<u>\$ 3,662</u>	<u>3,328</u>	<u>14,944</u>	<u>-</u>	<u>34,756</u>	<u>56,690</u>

Deferred tax liabilities:

	Unrealized investment income under equity method	Unrealized foreign exchange gains	Other	Total
Balance as of January 1, 2023	\$ (93,032)	(2,295)	-	(95,327)
Recognized in profit or loss	12,749	2,295	(13)	15,031
Balance as of December 31, 2023	<u>\$ (80,283)</u>	<u>-</u>	<u>(13)</u>	<u>(80,296)</u>
Balance as of January 1, 2022	\$ (86,734)	-	(29)	(86,763)
Recognized in profit or loss	(6,298)	(2,295)	29	(8,564)
Balance as of December 31, 2022	<u>\$ (93,032)</u>	<u>(2,295)</u>	<u>-</u>	<u>(95,327)</u>

(iii) The Company's tax returns for all years through 2021 were assessed by the tax authorities.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(p) Capital and other equity

(i) Common share

As of December 31, 2023 and 2022, the Company's authorized share capital consisted of 800,000 thousand shares of common share, with 10 dollars par value per share, of which 547,752 thousand shares, were issued and outstanding.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Cash subscription in excess of par value of shares	\$ 462,559	462,559
Treasury share transactions	10,999	10,999
Donation from shareholders	1,000	1,000
	\$ 474,558	474,558

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's Articles of Incorporation stipulates that the Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance is to be appropriated as follows:

- 1) Legal reserve should be at 10%.
- 2) Special reserve should be appropriated (reversed) in accordance with related rules.
- 3) Remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval. The aforementioned distributed that pay in cash to shareholders, which is authorized the resolution has been adopted by a 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.

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

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company adopted to exemptions of IFRS 1 "First-time Adoption of International Financial Reporting Standards" of first time adoption in accordance with the IFRSs approved by the FSC. Based on the exemptions, the Company increased retained earnings amounted to \$132,824 from reserve for revaluation increment and cumulative translation adjustments (gains). In accordance with the ruling issued by the FSC, the Company shall reserve a special reserve amounted to \$18,752, which is same as the increased amount at first time adoption of IFRSs. The Company shall reverse to distribute of earnings proportionately based on the prior special reserve when the related assets had been used, disposal or reclassified. As of December 31, 2023 and 2022, the special reserve is amounted to \$18,646.

According to the ruling issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve to account for cumulative changes to other shareholders' equity, and does not qualify for earnings distribution. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends for 2022 and 2021 had been approved during the board meeting held on March 16, 2023 and March 24, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Amount per share (NTD)</u>	<u>Amount</u>	<u>Amount per share (NTD)</u>	<u>Amount</u>
Dividends distributed to common shareholders:				
Cash	\$ 0.35	\$ <u>191,713</u>	0.50	<u>273,876</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

On March 14, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings. These earnings will be appropriated as follows:

	2023	
	Amount per share (NTD)	Amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.15	\$ 82,163

The aforementioned relevant information would be available at the Market Observation Post System website.

(iv) 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	Total
Balance on January 1, 2023	\$ (76,987)	147,391	70,404
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(20,164)	(20,164)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income on subsidiaries accounted for using equity method	-	6,489	6,489
Disposal of investments in equity instruments designated at fair value through other comprehensive income on subsidiaries accounted for using equity method	-	(394)	(394)
Exchange differences on translation of foreign financial statements	(7,009)	-	(7,009)
Exchange differences on associates accounted for using equity method	(9,064)	-	(9,064)
Balance on December 31, 2023	\$ (93,060)	133,322	40,262
	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2022	\$ (130,318)	735,613	605,295
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(587,611)	(587,611)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income on subsidiaries accounted for using equity method	-	9,632	9,632
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(10,243)	(10,243)
Exchange differences on translation of foreign financial statements	55,307	-	55,307
Exchange differences on associates accounted for using equity method	(1,976)	-	(1,976)
Balance on December 31, 2022	\$ (76,987)	147,391	70,404

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(q) Earning per share

The calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Basic earning per share		
Profit attributable to common shareholders of the Company	\$ <u>85,866</u>	<u>374,432</u>
Weighted-average number of common shares (thousand share)	\$ <u>547,752</u>	<u>547,752</u>
Basic earnings per share (express in New Taiwan dollar)	\$ <u>0.16</u>	<u>0.68</u>
	<u>2023</u>	<u>2022</u>
Diluted earning per share		
Profit attributable to common shareholders of the Company	\$ <u>85,866</u>	<u>374,432</u>
Weighted average number of common shares (basic)(thousand share)	547,752	547,752
Effect of employee compensation (thousand share)	538	1,558
Weighted-average number of common shares outstanding (diluted)(thousand share)	<u>548,290</u>	<u>549,310</u>
Diluted earnings per share (express in New Taiwan dollar)	\$ <u>0.16</u>	<u>0.68</u>

(r) Employee compensation and directors' remuneration

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

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

	<u>2023</u>	<u>2022</u>
Employees' compensation	\$ 5,276	24,194
Directors' remuneration	2,110	9,678
	<u>\$ 7,386</u>	<u>33,872</u>

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles. These remunerations were expensed under operating costs or operating expenses for each period. Related information would be available at the Market Observation Post System website. The amounts, as stated in the parent-company-only financial statements, are identical to those of the actual distributions for 2023 and 2022.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(s) Revenue from contract with customers

(i) Disaggregation of revenue

		2023				
		Color chemicals	Specialty chemicals	Electronic chemicals	Pharmaceuticals	Total
Primary geographical markets:						
Taiwan	\$	355,291	240,688	805,522	14,288	1,415,789
Americas		129,640	346,959	-	46,186	522,785
Asia		1,887,022	776,360	440,027	51,643	3,155,052
Europe		393,471	354,684	-	97,091	845,246
Other		81,819	76,744	-	11,165	169,728
	\$	2,847,243	1,795,435	1,245,549	220,373	6,108,600
Major products:						
Chemicals	\$	2,847,243	1,795,435	1,245,549	-	5,888,227
Other		-	-	-	220,373	220,373
	\$	2,847,243	1,795,435	1,245,549	220,373	6,108,600
		2022				
		Color chemicals	Specialty chemicals	Electronic chemicals	Pharmaceuticals	Total
Primary geographical markets:						
Taiwan	\$	379,384	291,076	846,167	9,841	1,526,468
Americas		189,550	441,494	-	60,679	691,723
Asia		2,018,357	867,457	373,135	34,624	3,293,573
Europe		451,386	487,184	-	104,888	1,043,458
Other		83,845	120,945	-	22,770	227,560
	\$	3,122,522	2,208,156	1,219,302	232,802	6,782,782
Major products:						
Chemicals	\$	3,122,522	2,208,156	1,219,302	-	6,549,980
Other		-	-	-	232,802	232,802
	\$	3,122,522	2,208,156	1,219,302	232,802	6,782,782

(ii) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Receivables	\$ 1,313,669	1,131,324	1,533,889
Less: loss allowance	(31,321)	(29,621)	(33,529)
Total	\$ 1,282,348	1,101,703	1,500,360

For the detail on receivable and allowance, please refer to Note 6(c).

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(t) Non-operating income and expenses

(i) Interest income

	2023	2022
Interest income for bank deposits	\$ 4,042	2,103

(ii) Other income

	2023	2022
Dividend income	\$ 20,731	42,743

(iii) Other gains and losses

	2023	2022
Foreign exchange gains net	\$ 19,882	60,598
Net gains on disposal of financial assets and liabilities at fair value through profit	153	118
Gains (losses) on disposal of property plant and equipment	1,607	(3,110)
Subsidy revenue	10,849	22,557
Gains (losses) on disaster	6,352	(32,851)
Others	34,605	44,361
	\$ 73,448	91,673

(iv) Finance costs

	2023	2022
Interest expense	\$ 59,369	44,585

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

As of December 31, 2023 and 2022, the Company's exposure to credit risk and the maximum exposure were mainly from:

- a) The carrying amount of financial assets recognized in the balance sheet; and
- b) The amounts of liabilities as a result from the Company providing financial guarantees were \$61,410 and \$61,420, respectively.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

2) Concentration of credit risk

The Company has exposure to credit risk of individual counterparty or group of counterparties with similar credit characteristics. Those related parties of which having transactions with the Company are regarded as group of counterparties with similar credit characteristics. The concentrations of credit risk on notes and accounts receivables due from subsidiaries resulted that the Company distributed product through subsidiaries. Please refer to Note 7.

3) 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 years ended December 31, 2023 and 2022. 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. (Regarding how the financial instruments are considered to have low credit risk, please refer to Note 4(f)).

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over 5 years</u>
December 31, 2023						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,081,219	1,086,531	1,086,531	-	-	-
Notes payable	42,729	42,729	42,729	-	-	-
Accounts payable (included related parties)	474,364	474,364	474,364	-	-	-
Other payables (included related parties)	314,522	314,522	314,522	-	-	-
Payables on equipment	20,860	20,860	20,860	-	-	-
Lease liabilities	19,992	20,365	10,731	4,979	4,655	-
Long-term borrowings	<u>900,000</u>	<u>931,131</u>	<u>17,340</u>	<u>409,751</u>	<u>504,040</u>	<u>-</u>
	<u>\$ 2,853,686</u>	<u>2,890,502</u>	<u>1,967,077</u>	<u>414,730</u>	<u>508,695</u>	<u>-</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over 5 years</u>
December 31, 2022						
Non derivative financial liabilities						
Short-term borrowings	\$ 1,093,902	1,103,065	1,103,065	-	-	-
Notes payable	79,852	79,852	79,852	-	-	-
Accounts payable (included related parties)	268,002	268,002	268,002	-	-	-
Other payables (included related parties)	373,742	373,742	373,742	-	-	-
Payables on equipment	33,685	33,685	33,685	-	-	-
Lease liabilities	20,435	20,866	9,033	7,555	4,278	-
Long-term borrowings	<u>1,000,000</u>	<u>1,030,655</u>	<u>-</u>	<u>727,071</u>	<u>303,584</u>	<u>-</u>
	<u>\$ 2,869,618</u>	<u>2,909,867</u>	<u>1,867,379</u>	<u>734,626</u>	<u>307,862</u>	<u>-</u>

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

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	<u>Foreign currency (thousand dollars)</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency (thousand dollars)</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 38,206	30.71	1,173,306	28,952	30.71	889,116
JPY	69,190	0.22	15,222	88,357	0.23	20,322
RMB	64,956	4.33	281,259	67,295	4.41	296,771
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	24,367	30.71	748,311	23,213	30.71	712,871
JPY	58,181	0.22	12,800	48,368	0.23	11,221
RMB	8,506	4.33	36,831	3,796	4.41	16,733

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, account receivable, 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 years ended December 31, 2023 and 2022, would have changed the profit by \$5,375 and \$3,723, respectively. The analysis is performed on the same basis for 2023 and 2022.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

3) Foreign exchange gains and losses on monetary items

Since the Company has many kinds of foreign currency transactions, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years 2023 and 2022, foreign exchange losses (including realized and unrealized portions) are exchange gains amounted to \$19,882 and \$60,598, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company'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 Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased (decreased) by 1%, the Company's profit would have decreased/increased by \$15,850 thousand and \$16,751 thousand, respectively, for the years ended December 31, 2023 and 2022, with all other variable factors that remain constant. This is mainly due to the Company's borrowing at floating rates.

(v) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	<u>2023</u>		<u>2022</u>	
	<u>Other comprehensive income after tax</u>	<u>Net income</u>	<u>Other comprehensive income after tax</u>	<u>Net income</u>
Prices of securities at the reporting date				
1% increase	\$ <u>8,458</u>	<u>301</u>	<u>8,660</u>	<u>-</u>
1% decrease	\$ <u>(8,458)</u>	<u>(301)</u>	<u>(8,660)</u>	<u>-</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(vi) Fair value of financial instruments

1) Categories and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company'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:

	December 31, 2023				
	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	\$ 30,067	30,067	-	-	30,067
Subtotal	<u>30,067</u>	<u>30,067</u>	<u>-</u>	<u>-</u>	<u>30,067</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	693,519	693,519	-	-	693,519
Stocks unlisted on domestic markets	152,349	-	-	152,349	152,349
Subtotal	<u>845,868</u>	<u>693,519</u>	<u>-</u>	<u>152,349</u>	<u>845,868</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	866,586	-	-	-	-
Financial assets at amortized cost	60,000	-	-	-	-
Notes and accounts receivable (included related parties)	1,282,348	-	-	-	-
Other financial assets (included other receivables-related parties)	50,505	-	-	-	-
Subtotal	<u>2,259,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>3,135,374</u>	<u>723,586</u>	<u>-</u>	<u>152,349</u>	<u>875,935</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 1,981,219	-	-	-	-
Notes and trade payable (included related parties)	517,093	-	-	-	-
Other payables (included related parties)	314,522	-	-	-	-
Lease liabilities	19,992	-	-	-	-
Payables on equipment	20,860	-	-	-	-
Total	\$ <u>2,853,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

	December 31, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ 651,373	651,373	-	-	651,373
Stocks unlisted on domestic markets	214,659	-	-	214,659	214,659
Subtotal	<u>866,032</u>	<u>651,373</u>	<u>-</u>	<u>214,659</u>	<u>866,032</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	666,659	-	-	-	-
Notes and accounts receivable (included related parties)	1,101,703	-	-	-	-
Other financial assets (included other receivables-related parties)	60,087	-	-	-	-
Subtotal	<u>1,828,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,694,481</u>	<u>651,373</u>	<u>-</u>	<u>214,659</u>	<u>866,032</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 2,093,902	-	-	-	-
Notes and trade payable	347,854	-	-	-	-
Other payables	373,742	-	-	-	-
Lease liabilities	20,435	-	-	-	-
Payables on equipment	33,685	-	-	-	-
Total	<u>\$ 2,869,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative instruments

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

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

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

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

When the financial instrument of the Company 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 Company 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 Company didn't have any fair value transfer between levels for the years ended December 31, 2023 and 2022.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on adjustment January 1, 2023	\$ 214,659
Total gains or losses:	
Recognized in other comprehensive income	(62,310)
Balance on December 31, 2023	\$ 152,349

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance on adjustment January 1, 2022	\$ 71,353
Purchase in this period	25,320
Total gains or losses:	
Recognized in other comprehensive income	117,986
Balance on December 31, 2022	\$ 214,659

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 December 31, 2023 and 2022 were as follows:

	2023	2022
Recognized in other comprehensive income	\$ (62,310)	117,986

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

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income- equity investments without an active market	Comparable companies approach	<ul style="list-style-type: none"> • Price-Book Ratio (as of December 31, 2023 and 2022 were 4.41 and 5.7, respectively) • Market liquidity discount rate (as of December 31, 2023 and 2022 were all 20%) 	<ul style="list-style-type: none"> • The estimated fair value would increase if the multiplier was higher. • The estimated fair value would decrease if market liquidity discount rate was higher.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

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

The Company'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:

Inputs	Upwards or Downwards	Fair value variation on other comprehensive income			
		Favorable		Unfavorable	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Price-book ratio	5%	7,911	10,735	(7,911)	(10,735)
Market liquidity discount rate	5%	7,352	10,730	(7,352)	(10,730)

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 inter-relationships with another input.

- (v) Financial risk management

- (i) Overview

The Company has exposure to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

Detailed information about exposure risk arising from the aforementioned risk and the Company's objective, policies and process for managing risks have been stated below. Further quantitative disclosures have been disclosed as notes to the parent-company-only financial statements.

- (ii) Structure of risk management

The Company's inter departmental management and committee, which consists of general manager and managers from all departments, including manufacturing, research and development, environment, health and safety, financial and audit, is responsible to hold a meeting regularly for monitoring the Company's risk management policies.

The executive and responsible departments of risk management are as follows:

- 1) Financial risk, liquidity risk, credit risk and legal risk: based on regulations, government policy and analysis of market change, financial division and legal division make the strategy to reflect, then execute the strategy. The internal auditor reviews the risks control and procedures for the aforementioned risks.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

- 2) Market risk: the Company's Sales Business Units (SBUs) and functional division are responsible to make the strategy to identify risk based on regulation, government policy and analysis of market change, then execute the strategy. In order to manage the risk of market change dramatically, management with SBUs managers will establish a task force when it is necessary.
- 3) Operating strategy risk: in order to monitor the operating strategy in compliance with the Company's vision and meet the operating goals, general manager division with management of SBUs will evaluate the risk of operational policy through performance evaluation periodically.

The Company's Audit Committee oversees how management monitors counterparty with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by the internal auditor. The internal auditor undertakes both regular and exceptional reviews of risk management controls and the procedures, and the result of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations that arises principally from the Company's accounts receivable and investments in securities.

1) Accounts receivable and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. According to the credit policy, the Company analyzes each new customer individually for their credit worthiness before granting the new customer standard payment terms. Credit lines are established for each customer and reviewed periodically.

The Company did not have any collateral or other enhancements to avoid credit risk of financial assets.

2) Investments

The credit risk exposure in the bank deposits, and debt instruments are measured and monitored by the Company's finance department. Since the Company's transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly-traded stock companies and unlisted companies with good reputation, there are no non-compliance issues and therefore no significant credit risk.

3) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2023 and 2022, the outstanding balance of guarantees were \$61,410 thousand and \$61,420 thousand, respectively.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2023 and 2022, the Company's unused credit line were amounted to \$3,374,894 and \$2,801,923, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines of derivative transaction management set by the board of directors and general meeting of shareholders and the related financial transactions are under oversight by internal auditor. The management of the Company's market risk is as follows:

1) Currency risk

The Company is exposed to currency risk on foreign currency assets and liabilities resulted from operating, financing and investing activities. The Company hedges the currency risk by derivatives. Most of the foreign exchange gains and losses arising from foreign currency assets and liabilities will be offset by the gains or losses on derivative instruments. The Company may reduce the currency risk through derivative instruments but do not avoid all of the currency influence resulted from foreign currency exchange.

The Company monitors the exposure of individual foreign currency assets and liabilities periodically. When necessary, the Company uses foreign currency options and forward exchange contracts to hedge above currency risk exposure. The duration of foreign currency options and forward exchange contracts are within one year and do not meet the criteria for hedge accounting.

2) Interest rate risk

The Company's exposure of interest rate risk is mainly from floating-rate loans. Any change in interest rates will cause influence in the effective interest rates of loans and thus cause the alternation of future cash flows. The Company enters into and designates interest rate swaps and other capital market financing as hedges of the variability in cash flows by continuing to review the interest rate variability in order to control the financial cost at the relatively low in market interest rate.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

3) Other market price risk

The Company is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Company does not actively trade in these investments, and material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of Directors.

(w) Capital management

The Company's policy is to manage its capital to safeguard the capacity to continue as a going concern, to continue to provide returns for shareholders, maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

	December 31, 2023	December 31, 2022
Total liabilities	\$ 3,064,437	3,170,313
Less: cash and cash equivalents	866,586	666,659
Net liabilities	\$ 2,197,851	2,503,654
Total equity	\$ 8,344,075	8,455,072
Debt-to-equity ratio	26%	30%

There were no change in the Company's approach to capital management for the year ended December 31, 2023.

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

Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes Other	December 31, 2023
Short-term borrowings	\$ 1,093,902	(12,683)	-	1,081,219
Lease liabilities	20,435	(10,504)	10,061	19,992
Long-term borrowings	1,000,000	(100,000)	-	900,000
Total liabilities from financing activities	\$ 2,114,337	(123,187)	10,061	2,001,211

	January 1, 2022	Cash flows	Non-cash changes Other	December 31, 2022
Short-term borrowings	\$ 1,308,863	(214,961)	-	1,093,902
Lease liabilities	28,188	(10,020)	2,267	20,435
Long-term borrowings	1,000,000	-	-	1,000,000
Total liabilities from financing activities	\$ 2,337,051	(224,981)	2,267	2,114,337

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Company and its subsidiaries.

(b) Names and relationship with related parties

The following are entities that have had transactions with related party during the periods covered in the parent-company-only financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
EVERLIGHT USA, INC. (EVUS)	Subsidiary
EVERLIGHT (HONG KONG) LIMITED (EVHK)	Subsidiary
EVERLIGHT CHEMICALS (SINGAPORE) PTE LTD. (EVSG)	Subsidiary
EVERLIGHT EUROPE B.V. (EVEU)	Subsidiary
TREND TONE IMAGING, INC. (TTI)	Subsidiary
ELITE FOREIGN TRADING INCORPORATION (ELITE)	Subsidiary
ETHICAL INTERNATIONAL TRADING & WAREHOUSING (SHANGHAI) CO.,LTD. (ETSH)	Subsidiary
GUANGZHOU ETHICAL TRADING CO., LTD. (ETGZ)	Subsidiary
SHANGHAI EVERLIGHT TRADING CO., LTD. (EVSH)	Subsidiary
EVERLIGHT (SUZHOU) ADVANCED CHEMICALS LTD. (EVSZ)	Subsidiary
GREATLIGHT INVESTMENT CORPORATION (GLTP)	Subsidiary
SHANGHAI ANDA INTERNATIONAL TRADING CO., LTD. (ADSH)	Subsidiary
CHUNG HWA CHEMICAL INDUSTRIAL WORKS, LTD. (CHCIW)	The entity's chairman is the director of the Company
Taiwan Dyestuffs and Pigments Industrial Association (TDPIA)	The association's chairman is the chairman of the Company
Ethical Investment Corporation (EIC)	The entity is the corporate director of the Company
Chen Ding-Chuan	The individual is the representative of corporate director of the Company

(c) Significant transactions with related parties

(i) Operating revenue

Significant sales to related parties of the Company were as follow:

	<u>2023</u>	<u>2022</u>
Subsidiaries	<u>\$ 1,827,525</u>	<u>2,058,186</u>

The payment terms for related parties, except EVUS, ELITE and ADSH are Open Account 100 days, Open Account 100 days and Open Account 120 days, respectively, are same as those of the third-parties sales. There was no collateral on the accounts receivable from related parties. The Company did not recognized allowance of impairment after considerations.

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(ii) Purchase

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

	<u>2023</u>	<u>2022</u>
Subsidiaries	\$ 1,563	1,738
Other related parties	28,735	37,371
	<u>\$ 30,298</u>	<u>39,109</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.

(iii) Other

- 1) The Company had provided a guarantee for loans taken out by related parties were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
EVUS	\$ <u>61,410</u>	<u>61,420</u>

- 2) As of December 31, 2023 and 2022, other receivables of dividends from subsidiaries were \$0 and \$3,040, respectively.
- 3) As of December 31, 2023 and 2022, other receivables of prepayments for subsidiaries were \$29,987 and \$3,946, respectively.
- 4) As of December 31, 2023 and 2022, other payables of prepayments for subsidiaries were \$2,487 and \$2,379, respectively.

(iv) Receivables from related parties

The Company's receivables from related parties were as follows:

<u>Account</u>	<u>Name of Entity</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable from related parties	EVUS	\$ 96,692	106,220
	EVEU	47,976	14,167
	Elite	62,493	32,929
	ADSH	118,273	91,893
	Other subsidiaries	<u>143,198</u>	<u>149,654</u>
			468,632
Other receivables from related parties	Subsidiaries	<u>29,987</u>	<u>6,986</u>
		<u>\$ 498,619</u>	<u>401,849</u>

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(v) Payables to related parties

The Company's payables to related parties were as follows:

<u>Account</u>	<u>Name of Entity</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes and accounts payable	Other related parties	\$ 10,692	14,467
Accounts payable	Subsidiaries	299	64
Other payables	Subsidiaries	<u>2,487</u>	<u>2,379</u>
		<u>\$ 13,478</u>	<u>16,910</u>

(vi) Dividend

The material amount of dividends paid by the Company to related parties were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
EIC	\$ 17,150	21,500
Chen Ding-Chuan	<u>20,300</u>	<u>31,500</u>
	<u>\$ 37,450</u>	<u>53,000</u>

(vii) Other

1) Rental income

The Company leases out the office building, with rental based on that nearby offices. For the years ended December 31, 2023 and 2022, the rental income incurred by the Company both amounted to \$48, which had been fully received during both periods.

2) Donation

For the year ended December 31, 2023, the Company donated \$150 to TDPIA. There was no such transaction for the year ended December 31, 2022.

3) Due to the cost sharing agreement, the Company shared the fees \$11,076 of REACH with ELITE in 2023, and the above amount has been fully collected as December 31, 2023. There was no such transaction for the year ended December 31, 2022.

(d) Key management personnel compensation

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 25,097	25,275
Post-employment benefits	<u>583</u>	<u>492</u>
	<u>\$ 25,680</u>	<u>25,767</u>

(8) Pledged assets: None.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(9) Commitments and contingencies

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

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	\$ 327,136	165,246

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

	December 31, 2023	December 31, 2022
Outstanding standby letter of credit	\$ 19,708	-

(10) Losses due to major disasters

A fire accident occurred in building Plant #3 on March 10, 2022, and caused damage to some buildings, equipment and inventories. The aforementioned estimated disaster loss is \$66,851 recognized in other gains and losses in 2022. The Company has already entered into related property insurance contracts and is currently in the process of negotiation with the insurance company to handle claims. The Company has confirmed with the insurance company and its notary to recognize the virtually certain amount of compensation that can be received from the insurance company as claim receivables, but shall not exceed the disaster loss of each asset. Therefore, in 2022, the Company recognized the claim receivable for \$34,000, as a deduction in other gains and losses. In 2023, the amount of claims confirmed to be available by the Company and the insurance company was \$34,196.

(11) Subsequent Events: None.**(12) Other**

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

By item	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	552,774	364,861	917,635	570,301	387,790	958,091
Labor and health insurance	62,987	39,211	102,198	60,941	38,880	99,821
Pension	24,338	20,039	44,377	25,963	21,320	47,283
Remuneration of directors	-	13,334	13,334	-	19,725	19,725
Others	31,820	16,682	48,502	29,472	13,795	43,267
Depreciation (note)	418,698	77,292	495,990	422,798	86,026	508,824
Amortization	3,329	39,601	42,930	106	31,729	31,835

Note: For the years ended December 31, 2023 and 2022, depreciation expense recognized were \$495,990 thousand and \$508,908 thousand, respectively, less deferred gains of \$0 thousand and \$84 thousand, respectively.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

As of December 31, 2023 and 2022, the additional information for employee numbers and employee benefits were as follows:

	<u>2023</u>	<u>2022</u>
Average employee numbers	<u>1,340</u>	<u>1,303</u>
Average directors numbers without serving concurrently as employee	<u>10</u>	<u>10</u>
Average employee benefits	<u>\$ 837</u>	<u>888</u>
Average employee salaries	<u>\$ 690</u>	<u>741</u>
Average adjustment rate of employee salaries	<u>(6.88)%</u>	<u>(3.39)%</u>
Remuneration of supervisor	<u>\$ -</u>	<u>-</u>

The Company's salary and remuneration policy (including directors, managers and employees) were as follows:

Directors:

According to the Company's Articles of Incorporation, the Company's director remuneration is authorized to be determined by the Board of Directors based on the director's participation procedure in the Company's operation and the value of contribution, no matter whether the Company has realized profit or loss. The standard of the industry is also taken into consideration when deciding director remuneration. A rational remuneration was approved by the Remuneration Committee and the Board of Directors.

General managers and employees:

The salaries and bonuses of general managers and employees are based on the Company's salary standards, taking into their positions, contribution and performance, not due to age, gender, race, religion, political position, marital status or membership in a trade union. The principle is the salary level meet the basic need of maintain basic lives and takes into the motivation and sense of accomplishment. The salaries and bonuses of general managers were approved by the Remuneration Committee and the Board of Directors.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(13) Other disclosures:

(a) Information on significant transactions

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 202

1. Loans to other parties: None.

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	834,407	64,850	61,410	-	-	0.74%	2,086,018	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 90% 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
Notes to the Parent-Company-Only Financial Statements

3. Securities held as of December 31, 2023 (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	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss-current	1,971	30,067	-	30,067	
GLTP	UPAMC James Bound Money Market Fund	-	"	399	6,836	-	6,836	
					36,903		36,903	
ECIC	China Bills Finance Corporation	-	Financial assets at amortized cost-current	-	30,000	-	30,000	
"	Grand Bills	-	"	-	30,000	-	30,000	
					60,000		60,000	
ECIC	Polytronic Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	8,000	445,247	9%	460,800	
"	Chung Hwa Chemical Industrial Works, Ltd.	The entity's chairman is the director of the Company	"	5,500	92,217	5%	158,675	
"	General Plastic Industrial Co., Ltd.	-	"	2,140	74,900	2%	74,044	
"	Andros Pharmaceuticals Co., Ltd.	-	"	4,724	103,120	11%	152,349	
GLTP	QISDA Crop.	-	"	50	1,745	-	2,400	
"	Andros Pharmaceuticals Co., Ltd.	-	"	260	7,800	1%	8,411	
"	Taiwan Bio Therapeutics Co., Ltd.	-	"	414	11,400	1%	13,724	
TTI	General Plastic Industrial Co., Ltd.	-	"	2,140	74,900	2%	74,044	
			Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		133,118		-	
	Total				944,447		944,447	

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\$100 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	364,971	4.64%	OA 90	Non material differences from those of third-parties	Non material differences from those of third-parties	47,976	2.96%	
"	EVUS	"	"	335,892	4.27%	OA 100	"	"	96,692	5.97%	
"	ELITE	"	"	278,403	3.54%	OA 100	"	"	62,493	3.86%	
"	ADSH	"	"	207,957	2.65%	OA 120	"	"	118,273	7.30%	
"	EVSH	"	"	177,899	2.26%	OA 90	"	"	61,640	3.80%	
"	EVSZ	"	"	152,235	1.94%	OA 90	"	"	34,371	2.12%	
"	ETSH	"	"	145,659	1.85%	OA 90	"	"	34,513	2.13%	
TTI	EVUS	Affiliates	"	118,504	1.12%	OA 90	"	"	25,372	1.57%	
"	EVSZ	"	"	114,705	0.95%	OA 90	"	"	28,029	1.73%	

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only 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	Turnover rate	Overdue		Amounts received in subsequent period (As of March 14, 2024)	Loss allowance
					Amount	Action taken		
ECIC	ADSH	Subsidiary	118,273	1.98	-	-	24,364	-

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

(b) Information on investments:

The following are the information on investees for the year ended December 31, 2023 (excluding investment in mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
ECIC	EVUS	America	Selling chemical product and related raw materials	88,868	88,868	300	100.00%	149,181	43	43	
"	EVHK	Hong Kong	Selling chemical product and related raw materials	34,579	34,579	1,000	100.00%	38,784	(656)	(656)	
"	EVSG	Singapore	Investing business	794,290	794,290	24,800	100.00%	886,071	(56,818)	(56,818)	
"	EVEU	Netherland	Selling chemical product and related raw materials	7,890	7,890	1	100.00%	54,202	(6,660)	(6,660)	
"	TTI	Hsinchu City	Manufacturing and selling toners of laser printer, copier and fax machine	242,192	242,192	44,906	76.15%	651,120	20,193	15,925	
"	ELITE	Turkey	Selling chemical product and related raw materials	45,016	45,016	22	50.00%	100,665	692	346	
"	GOOOTV	Taipei City	Cable TV channels	19,000	19,000	1,900	22.35%	20,430	(569)	(114)	
"	TAK	Taoyuan City	Manufacturing of inductance core and cathode materials of Lithiumion battery	58,600	58,600	4,856	16.78%	34,991	(52,258)	(7,918)	
"	GLTP	Taipei City	Investing business	100,000	100,000	10,000	100.00%	31,611	92	92	
	Unrealized gross profit on sales			-	-			(65,978)		-	
				1,390,435	1,390,435			1,901,077		(55,760)	
EVSG	EVVN	Vietnam	Selling chemical product and related raw materials	12,140	12,140	-	100.00%	7,678	(4,059)	(4,059)	

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only 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, 2023		Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023		Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period		
		USD/RMB	NTD		USD	NTD	Outflow	Inflow	USD	TWD					USD	TWD	
																	USD
ETSH	Selling chemical product and related raw materials	USD	1,700 (Note 7)	52,199	(Note 6)	700	21,494			700	21,494	2,206	100.00%	2,206	156,150	2,961	90,918
ETGZ	Selling chemical product and related raw materials	USD	700 (Note 6)	21,494	(Note 6)	200	6,141			200	6,141	3,136	100.00%	3,136	97,806	1,523	46,764
EVSH	Selling chemical product and related raw materials	USD	1,250 (Note 6)	38,381	(Note 6)	1,100	33,776			1,100	33,776	(687)	100.00%	(687)	144,749	950	29,170
EVSZ	Manufacturing and selling color chemical, toners and electronic high tech chemical product	USD	23,650 (Note 4)	726,173	(Note 1)	18,600	571,113			18,600	571,113	(56,439)	100.00%	(56,439)	779,265	-	-
ANDA	Selling electronic high tech chemical product	CNY	20,000 (Note 4)	86,540	(Note 1)	650	19,958			650	19,958	(10,149)	29.80%	(3,024)	11,705	-	-
ADSH	Selling electronic high tech chemical product	CNY	1,000 (Note 5)	4,327	(Note 5)	-	-			-	-	9,257	56.25%	5,208	8,924	-	-
3ESZ	Manufacturing and selling chemical product and related raw materials	USD	6,600 (Note 4)	202,653	(Note 1)	2,490	76,455			2,490	76,455	16,625	40.00%	6,650	73,463	-	-

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

Note 2: These financial statements are audited by the same auditor of the Taiwan parent company and accounted for equity method. The financial statement of ANDA is not reviewed by independent auditors.

Note 3: Exchange rate: NTD vs USD (1:30.705), NTD vs RMB(1:4.327). Expressed in thousands of New Taiwan Dollars unless otherwise specified.

Note 4: EVSG invested in EVSZ USD 5,050 thousand, ANDA USD 25 thousand and 3ESZ USD 150 thousand by owned funds. In addition, ANDA increased its capital to RMB 20,000 after changing the original registered capital from USD 1,200 to RMB 8,445 due to

Note 5: ANDA invested in ADSH amounted to RMB 1,000 thousand (USD 157 thousand) by owned funds. In addition, due to the transfer of the equity structure, ADSH was directly reinvested by EVSG.

Note 6: EVSZ invested in ETSH 1,700 thousand USD, ETGZ 700 USD thousand and EVSH 1,250 thousand USD by issuing shares.

Note 7: Included the capital increasing amounted to USD 1,000 thousand from earning.

(ii) Limitation on investment in mainland China:

Accumulated Investment in mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
781,043 (USD25,437)	717,023 (USD 23,352)	5,193,525

As of December 31, 2023, the difference between accumulated investment in mainland China and investment amounts authorized by Investment Commission, MOEA was amounted to USD (2,085) thousand, including the follows:

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

(ii) EVSG: investment amounted to USD 2,631 thousand by owned funds.

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

(iii) Significant transactions:

For the year ended December 31, 2023, the information on direct or indirect significant transactions with investees in mainland China, is disclosed in Note 13(a) Information on significant transactions.

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to the Parent-Company-Only Financial Statements

(d) Major shareholders :

(In Shares)

Shareholding Shareholder's Name	Shares	Percentage
ETHICAL INVESTMENT CORPORATION	55,000,000	10.04%
CHEN,DING-CHUAN	53,000,000	9.67%

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Notes to the Parent-Company-Only Financial Statements

(14) Segment information:

Please see the consolidated financial statements for the year ended December 31, 2023.

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statement of cash and cash equivalents

December 31, 2023

(expressed in thousands of New Taiwan dollars units)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash		\$ <u>1,320</u>
Cash in Bank:		
Checking account		118,831
Foreign deposits	(USD15,127 , USD: NTD 1: 30.71)	464,465
	(EUR5,840 , EUR: NTD 1: 33.98)	198,452
	(JPY44,652 , JPY: NTD 1:0.22)	9,699
	(RMB599 , RMB: NTD 1:4.33)	2,590
Demand deposit		<u>15,411</u>
		<u>809,448</u>
Time deposit	(RMB12,900 , RMB: NTD 1 : 4.33, 2.2%~3.0%)	<u>55,818</u>
		<u>\$ 866,586</u>

Everlight Chemical Industrial Corporation
Statement of financial assets at fair value through profit or loss-current
December 31, 2023
(expressed in thousands of New Taiwan dollars)

							Units in thousand	
<u>Item</u>	<u>Summary</u>	<u>Quantity</u>	<u>Unit price (dollar)</u>	<u>Cost of acquisition</u>	<u>Profit and loss</u>	<u>Book value</u>	<u>Fair value</u>	
							<u>Unit price (dollar)</u>	<u>Total</u>
Jin Sun Money Market Fund	Fund	1,971	15.22	<u>30,000</u>	<u>67</u>	<u>30,067</u>	15.25	<u>-</u>

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statement of notes receivable

December 31, 2023

(expressed in thousands of New Taiwan dollars units)

<u>Client name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties:			
Company A	Operating	\$ 4,000	
Company B	"	3,241	
Company C	"	3,166	
Company D	"	2,455	
Other	"	<u>31,876</u>	Note
Subtotal		44,738	
Less: loss allowance		<u>(1)</u>	
		<u>\$ 44,737</u>	

Note: Each amount is less than 5% of the balance.

Statement of accounts receivable

<u>Client name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties:			
Company E	Operating	\$ 136,162	
Other	"	<u>646,083</u>	Note
Subtotal		782,245	
Less: loss allowance		<u>(13,266)</u>	
		<u>\$ 768,979</u>	

Note: Each amount is less than 5% of the balance.

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statement of inventories

December 31, 2023

(expressed in thousands of New Taiwan dollars units)

<u>Item</u>	<u>Description</u>	<u>Amount</u>		<u>Note</u>
		<u>Cost</u>	<u>Net realizable value</u>	
Finished goods		\$ 1,344,227	1,328,588	
Work in process		369,898	369,898	
Raw material		623,472	623,472	
Supplies		<u>18,763</u>	<u>18,763</u>	
Total		2,356,360	<u><u>2,340,721</u></u>	
Less: losses on valuation of inventories		<u>(15,639)</u>		
		<u><u>\$ 2,340,721</u></u>		

Other current financial assets

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Other receivable	Selling samples	\$ 11,586	
"	Employee advance	2,145	
Duty receivables deposits		1,771	
Other		<u>2,699</u>	Note
		<u><u>\$ 18,201</u></u>	

Note: Each amount is less than 5% of the balance.

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statement of changes in financial assets measured at fair value through other comprehensive income - non-current

For the year ended December 31, 2023

(expressed in thousands of New Taiwan dollars units)

<u>Name</u>	<u>Beginning Balance</u>		<u>Increase</u>		<u>Decrease</u>		<u>Ending Balance</u>		<u>Accumulated impairment</u>	<u>Collateral</u>	<u>Note</u>
	<u>Shares (thousand)</u>	<u>Carrying amounts</u>	<u>Shares (thousand)</u>	<u>Amount</u>	<u>Shares (thousand)</u>	<u>Amount</u>	<u>Shares (thousand)</u>	<u>Carrying amounts</u>			
Stocks											
Polytronic Technology Corp.	8,000	\$ 445,247	-	-	-	-	8,000	445,247	NA	None	
Chung Hwa Chemical Industrial Works, LTD.	5,500	92,217	-	-	-	-	5,500	92,217	NA	None	
General Plastic Industrial Co., Ltd.	2,140	74,900	-	-	-	-	2,140	74,900	NA	None	
Andros Pharmaceuticals Co., Ltd.	4,724	103,120	-	-	-	-	4,724	103,120	NA	None	
Add: valuation on fair value	-	<u>150,548</u>	-	<u>-</u>	-	<u>20,164</u>	-	<u>130,384</u>			
		<u>\$ 866,032</u>		<u>-</u>		<u>20,164</u>		<u>845,868</u>			

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION
Statement of changes in investments accounted for using the equity method
For the year ended December 31, 2023
(expressed in thousands of New Taiwan dollars units)

Name	Beginning balance		Increase		Decrease		Ending Balance			Market value or net assets value		Collateral	Note
	Shares (thousand)	Amount	Shares (thousand)	Amount (Note 1)	Shares (thousand)	Amount (Note 2)	Shares (thousand)	Percentage of ownership	Amount	Unit price (dollars)	Total amount		
EVUS	300	\$ 149,163	-	43	-	25	300	100.00 %	149,181	477	149,181	None	
EVHK	1,000	41,492	-	-	-	2,708	1,000	100.00 %	38,784	40	38,784	None	
EVSG	24,800	959,306	-	-	-	73,235	24,800	100.00 %	886,071	38	886,071	None	
EVEU	1	91,379	-	2,013	-	39,190	1	100.00 %	54,202	167,771	54,202	None	
TTI	44,906	640,070	-	24,521	-	13,471	44,906	76.15 %	651,120	13	651,120	None	
ELITE	22	113,989	-	836	-	14,160	22	50.00 %	100,665	5,199	100,665	None	
GLTP	10,000	33,423	-	92	-	1,904	10,000	100.00 %	31,611	4	31,611	None	
GOODTV	1,900	20,543	-	-	-	113	1,900	22.35 %	20,430	11	20,430	None	
TAK	4,856	44,939	-	-	-	9,948	4,856	16.78 %	34,991	9	34,991	None	
Less: Unrealized gross profit on sale to subsidiaries		(84,761)		18,783		-			(65,978)		(65,978)		
		<u>\$ 2,009,543</u>		<u>46,288</u>		<u>154,754</u>			<u>1,901,077</u>		<u>1,901,077</u>		

(Note 1) Comprised of gains on investment income \$16,405 thousand, cumulative transaction adjustment \$2,503 thousand, remeasurement of defined benefit liabilities \$204 thousand, unrealized gain from sale \$18,783 thousand and unrealized gain on financial assets at fair value through other comprehensive income \$8,393 thousand.

(Note 2) Comprised of cash dividends from subsidiaries \$62,109 thousand, investment loss \$72,165 thousand, cumulative transaction adjustments \$18,576 thousand, and unrealized loss on financial assets at fair value through other comprehensive income \$1,904 thousand.

Everlight Chemical Industrial Corporation

Other non-current financial assets

December 31, 2023

(expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Refundable deposits		\$ 2,317	
Overdue receivable		18,054	
Less: loss allowance		<u>(18,054)</u>	
		<u>\$ 2,317</u>	

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statement of short-term borrowings

December 31, 2023

(expressed in thousands of New Taiwan dollars units)

<u>Type</u>	<u>Description</u>	<u>Ending balance</u>	<u>Contract period</u>	<u>Range of interest rate</u>	<u>Credit line</u>	<u>Collateral</u>	<u>Note</u>
Unsecured bank loan and usance exchange loan	First Bank	\$ 173,258	90~180 days	1.8%~6.79%	300,000	None	
"	Fubon Bank	154,922	90~180 days	1.9%~6.77%	337,755	"	
"	Mega Bank	94,573	90~180 days	6.4%	430,000	"	
"	China Trust	118,221	90~180 days	1.75%~6.57%	400,000	"	
"	Taiwan Bank	165,939	90~180 days	1.74%~6.55%	299,583	"	
"	Hua Nan Bank	118,563	90~180 days	6.37%~6.71%	350,000	"	
"	TCB Bank	49,404	90~180 days	6.86%	300,000	"	
"	HSBC Bank	41,876	90~180 days	6.27%	460,575	"	
"	ANZ Bank	157,335	90~180 days	1.75%~6.23%	460,575	"	
"	CCB Bank	-	90~180 days	-	307,050	"	
"	Citi Bank	7,128	90~180 days	6.3%~6.34%	460,575	"	
		<u>\$ 1,081,219</u>			<u>4,106,113</u>		

Statement of notes payable

<u>Vendor name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties:			
Company F	Operating	\$ 29,276	
Company G	"	3,961	
Company H	"	2,774	
Company I	"	2,625	
Other	"	4,093	Note
Total		<u>\$ 42,729</u>	

Note: Each amount is less than 5% of the balance.

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statement of accounts payable

December 31, 2023

(expressed in thousands of New Taiwan dollars units)

<u>Vendor name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related party:			
Chung Hwa Chemical Industrial Works, Ltd.	Operating	\$ <u>10,692</u>	
Non-related parties:			
Other	"	<u>463,672</u>	Note
Subtotal		<u>463,672</u>	
Total		<u>\$ <u>474,364</u></u>	

Note: Each amount is less than 5% of the balance.

Statement of other payables

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Accrued payroll		\$ 105,722	
Commission payable		33,826	
Other		<u>174,974</u>	Note
		<u>\$ <u>314,522</u></u>	

Note: Each amount is less than 5% of the balance.

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statement of other current liabilities

December 31, 2023

(expressed in thousands of New Taiwan dollars units)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Provisions-current		\$ 15,900	
Other		8,020	Note
		<u>\$ 23,920</u>	

Note: Each amount is less than 5% of the balance.

Statement of other non-current liabilities

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Provisions-non-current		<u>\$ 65,800</u>	

Everlight Chemical Industrial Corporation

Statement of lease liabilities

December 31, 2023

(expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Lease term</u>	<u>Discount rate</u>	<u>Ending balance</u>	<u>Note</u>
Building and structures	Office	2015.01.01~2025.11.30	1.5	\$ 1,332	
	Dormitory	2017.06.01~2026.06.30	1.5	11,723	
Other equipment	Factory equipment	2011.04.01~2028.03.31	1.5	5,562	
	Official vehicles	2019.07.24~2027.07.13	1.5	1,375	
Subtotal				19,992	
Less: Current portion				(10,516)	
Total				<u>\$ 9,476</u>	

Statement of long-term borrowings

<u>Creditor</u>	<u>Description</u>	<u>Borrowing amount</u>	<u>Term of contract</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>Note</u>
China Trust	Unsecured bank loans	\$ 200,000	2023.10.20~2026.10.20	1.97	None	
Mega Bank	"	200,000	2021.12.10~2025.01.06	1.90	"	
Taiwan Bank	"	300,000	2023.05.15~2026.05.15	1.88	"	
First Bank	"	<u>200,000</u>	2023.01.11~2025.01.10	1.98	"	
Total		<u>\$ 900,000</u>				

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statement of operating revenue

For the year ended December 31, 2023

(expressed in thousands of New Taiwan dollars units)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Operating revenue:			
Color chemicals		\$ 2,849,870	
Specialty chemicals		1,800,148	
Electronic chemicals		1,255,164	
Pharmaceuticals		223,115	
Less: sales returns		(13,019)	
sales allowance		<u>(6,678)</u>	
		<u>\$ 6,108,600</u>	

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statement of operating costs

For the year ended December 31, 2023

(expressed in thousands of New Taiwan dollars units)

Item	Amount
Raw materials:	
Beginning balance	\$ 867,982
Add: net purchases	2,635,706
Less: transferring to expense	80,780
losses on inventory counts and obsolescence	793
other	24,330
ending balance (including materials in transit)	<u>623,472</u>
Cost of raw materials	<u>2,774,313</u>
Supplies:	
Beginning balance	19,416
Add: net purchases	98,287
other	2,327
Less: transferring to expense	425
losses on inventory counts	63
ending balance	<u>18,763</u>
Cost of supplies	100,779
Direct labor	224,793
Manufacturing overhead	1,431,158
Unallocated production overheads	<u>269,115</u>
Manufacturing cost	4,800,158
Add: beginning balance of work in process	361,799
Less: transferring to expense	26,137
losses on inventory counts	340
cost of sale of work in process	703
obsolescence	767
other	5,034
ending balance of work in process	<u>369,898</u>
Cost of finished goods	<u>4,759,078</u>
Add: beginning balance of finished goods	1,635,592
Less: transferring to expense	32,310
loss on inventory counts	384
obsolescence	730
other	28,512
ending balance of finished goods	<u>1,344,227</u>
Cost of sales of finished goods	<u>4,988,507</u>
Cost of sales of raw materials and work in process	1,794
Gains on valuation of inventories	(999)
Scrap income	(1,633)
Losses on inventory count and obsolescence	3,077
Other	<u>17,679</u>
Operating costs	<u><u>\$ 5,008,425</u></u>

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statement of selling expenses

For the year ended December 31, 2023

(expressed in thousands of New Taiwan dollars units)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Payroll (including pension)		\$ 136,598	
Freight		83,485	
Commission expense		54,907	
Expenses on international brands		44,211	
Depreciation expense		27,248	
Other (each amount is less than 5% of the balance)		<u>131,748</u>	
		<u><u>\$ 478,197</u></u>	

Statement of administrative expenses

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Payroll (including pension and directors' remuneration)		\$ 103,807	
Computer expenses		35,648	
Personnel expenses		16,477	
Depreciation		13,682	
Other expenses		12,206	
Other (each amount is less than 5% of the balance)		<u>31,408</u>	
		<u><u>\$ 213,228</u></u>	

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION

Statement of research and development expenses

For the year ended December 31, 2023

(expressed in thousands of New Taiwan dollars units)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Payroll (including pension)		\$ 157,829	
Consumables		39,914	
Depreciation expenses		36,362	
Personnel expenses		22,607	
Other (each amount is less than 5% of the balance)		<u>53,452</u>	
		<u>\$ 310,164</u>	

Statement of accounts receivable due from related parties, net and other receivables due from related parties, please refer to Note 7 to the parent-company-only financial statements.

Statement of financial assets at amortized cost-current, please refer to Note 6 (b) to the parent-company-only financial statements.

Statement of other current assets, please refer to Note 6 (g) to the parent-company-only financial statements.

Statement of changes in property, plant and equipment, please refer to Note 6 (f) to the parent-company-only financial statements.

Statement of changes in right-of-use assets, please refer to Note 6 (h) to the parent-company-only financial statements.

Statement of changes in intangible assets, please refer to Note 6 (i) to the parent-company-only financial statements.

Statement of defined benefit liabilities, please refer to Note 6 (n) to the parent-company-only financial statements.

Statement of deferred tax assets and liabilities, please refer to Note 6 (o) to the parent-company-only financial statements.

Statement of other income, please refer to Note 6 (t) to the parent-company-only financial statements.

Statement of other gains and losses, please refer to Note 6 (t) to the parent-company-only financial statements.

Statement of finance costs, please refer to Note 6 (t) to the parent-company-only financial statements.