

Eternal Materials Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2023 and 2022 and Independent Auditors' Review Report

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT

Eternal Materials Co., Ltd.

Introduction

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

Scope of Review

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

Basis for Qualified Conclusion

As described in Note 13 to the consolidated financial statements, total assets of some non-significant subsidiaries included in the consolidated financial statements amounted to NT\$27,288,485 thousand and NT\$27,354,296 thousand, representing 45% and 44% of the consolidated total assets as of September 30, 2023 and 2022, respectively; total liabilities amounted to NT\$9,553,893 thousand and NT\$10,225,988 thousand, representing 27% and 28% of the consolidated total liabilities as of September 30, 2023 and 2022, respectively; total comprehensive income amounted to profit of NT\$683,787 thousand, loss of NT\$144,100 thousand, profit of NT\$378,469 thousand and profit of NT\$792,462 thousand, representing 36%, 21%, 22% and 28% of the consolidated total comprehensive income for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, respectively. The above amounts and information disclosed in Note 36 to the consolidated financial statements were based on the financial statements prepared and disclosed by these subsidiaries, which were not reviewed by independent auditors for the same reporting periods. In addition, as described in Note 14 to the consolidated financial statements, the balance of investments accounted for using the equity method of the Company and its subsidiaries amounted to NT\$2,466,722 thousand and NT\$2,395,690 thousand as of September 30, 2023 and 2022, respectively; the share of the profit of associates and joint ventures accounted for using the equity method amounted to NT\$103,073 thousand, NT\$21,221 thousand, NT\$212,581 thousand and NT\$143,098 thousand for the three months ended September 30, 2023 and 2022, and for the nine

months ended September 30, 2023 and 2022, respectively; the share of the other comprehensive income of associates and joint ventures amounted to profit of NT\$64,729 thousand, profit of NT\$26,883 thousand, profit of NT\$35,659 thousand and profit of NT\$69,592 thousand for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, respectively. The above amounts and information on investees disclosed in Note 36 to the consolidated financial statements were based on the financial statements recognized and disclosed by investees, which were not reviewed by independent auditors for the same reporting periods.

Qualified Conclusion

Base on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of some non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed by independent auditors, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Company and its subsidiaries as of September 30, 2023 and 2022, and its consolidated financial performance for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Chao-Chun Wang and Jui-Hsuan Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 10, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

| ASSETS | September 30, 2023 | | December 31, 2022 | | September 30, 2022 | |
|---|----------------------|------------|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % | Amount | % |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents (Note 6) | \$ 6,212,097 | 11 | \$ 5,450,766 | 10 | \$ 7,542,203 | 12 |
| Financial assets at fair value through profit or loss – current (Note 7) | 80,968 | – | – | – | – | – |
| Notes receivable, net (Notes 8 and 32) | 5,024,302 | 9 | 5,429,674 | 9 | 5,211,885 | 9 |
| Notes receivable from related parties, net (Notes 8 and 31) | 32,440 | – | 47,123 | – | 59,929 | – |
| Accounts receivable, net (Note 8) | 11,411,326 | 19 | 11,470,087 | 19 | 12,400,784 | 20 |
| Accounts receivable from related parties, net (Notes 8 and 31) | 202,508 | – | 185,395 | – | 211,122 | – |
| Other receivables (Notes 8 and 31) | 680,497 | 1 | 842,736 | 2 | 658,224 | 1 |
| Inventories (Note 9) | 8,600,551 | 14 | 9,716,165 | 16 | 10,303,772 | 17 |
| Non-current assets held for sale (Note 10) | 183,160 | – | – | – | – | – |
| Other financial assets - current (Notes 11 and 32) | 1,410,154 | 3 | 1,220,507 | 2 | 263,616 | 1 |
| Other current assets - others | 739,306 | 1 | 819,171 | 1 | 833,100 | 1 |
| Total current assets | 34,577,309 | 58 | 35,181,624 | 59 | 37,484,635 | 61 |
| NON-CURRENT ASSETS | | | | | | |
| Financial assets at fair value through profit or loss - non-current (Note 7) | 9,991 | – | 9,402 | – | 12,160 | – |
| Financial assets at fair value through other comprehensive income - non-current (Note 12) | 1,001,831 | 2 | 822,647 | 1 | 774,454 | 1 |
| Investments accounted for using the equity method (Note 14) | 2,466,722 | 4 | 2,323,035 | 4 | 2,434,960 | 4 |
| Property, plant and equipment (Notes 15 and 32) | 18,187,604 | 30 | 17,472,950 | 29 | 17,158,808 | 28 |
| Right-of-use assets (Note 16) | 1,366,801 | 2 | 1,323,105 | 2 | 1,347,642 | 2 |
| Investment properties (Note 17) | 1,273,378 | 2 | 1,385,518 | 2 | 1,417,968 | 2 |
| Intangible assets (Note 18) | 234,388 | – | 248,830 | 1 | 251,074 | – |
| Deferred tax assets | 292,356 | 1 | 312,457 | 1 | 352,899 | 1 |
| Other non-current assets - others (Notes 19 and 32) | 682,964 | 1 | 375,708 | 1 | 396,541 | 1 |
| Total non-current assets | 25,516,035 | 42 | 24,273,652 | 41 | 24,146,506 | 39 |
| TOTAL | \$ 60,093,344 | 100 | \$ 59,455,276 | 100 | \$ 61,631,141 | 100 |
| LIABILITIES AND EQUITY | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term borrowings (Notes 20 and 32) | \$ 6,274,696 | 11 | \$ 5,364,058 | 9 | \$ 7,910,588 | 13 |
| Notes payable | 692,639 | 1 | 626,160 | 1 | 836,236 | 1 |
| Accounts payable (Note 31) | 5,031,521 | 8 | 4,553,914 | 8 | 4,098,790 | 7 |
| Other payables - others | 2,086,414 | 4 | 2,224,447 | 4 | 2,735,926 | 5 |
| Current tax liabilities | 121,112 | – | 733,250 | 1 | 558,758 | 1 |
| Liabilities directly associated with non-current assets held for sale (Note 10) | 2,804 | – | – | – | – | – |
| Lease liabilities - current (Note 16) | 81,920 | – | 37,202 | – | 50,879 | – |
| Current portion of long-term borrowings (Notes 20 and 32) | 687,135 | 1 | 3,039,531 | 5 | 4,297,159 | 7 |
| Other current liabilities - others (Note 23) | 840,903 | 1 | 535,858 | 1 | 758,619 | 1 |
| Total current liabilities | 15,819,144 | 26 | 17,114,420 | 29 | 21,246,955 | 35 |
| NON-CURRENT LIABILITIES | | | | | | |
| Bonds payable (Note 20) | 5,495,603 | 9 | 5,493,921 | 9 | 5,493,279 | 9 |
| Long-term borrowings (Notes 20 and 32) | 10,059,163 | 17 | 8,493,942 | 14 | 6,551,112 | 11 |
| Deferred tax liabilities | 2,447,012 | 4 | 2,284,336 | 4 | 2,236,907 | 3 |
| Lease liabilities - non-current (Note 16) | 184,146 | 1 | 178,554 | – | 173,960 | – |
| Other non-current liabilities (Note 14) | 745,982 | 1 | 818,763 | 2 | 1,031,636 | 2 |
| Total non-current liabilities | 18,931,906 | 32 | 17,269,516 | 29 | 15,486,894 | 25 |
| Total liabilities | 34,751,050 | 58 | 34,383,936 | 58 | 36,733,849 | 60 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22) | | | | | | |
| Ordinary shares | 11,782,655 | 20 | 11,782,655 | 20 | 11,782,655 | 19 |
| Capital surplus | 372,272 | 1 | 368,946 | 1 | 368,946 | 1 |
| Retained earnings | | | | | | |
| Legal reserve | 5,083,381 | 8 | 4,803,617 | 8 | 4,803,617 | 8 |
| Special reserve | 977,601 | 2 | 1,181,819 | 2 | 1,181,819 | 2 |
| Unappropriated earnings | 7,206,264 | 12 | 7,600,968 | 13 | 7,073,836 | 11 |
| Total retained earnings | 13,267,246 | 22 | 13,586,404 | 23 | 13,059,272 | 21 |
| Other equity | (366,931) | (1) | (977,601) | (2) | (587,149) | (1) |
| Total equity attributable to owners of the Company | 25,055,242 | 42 | 24,760,404 | 42 | 24,623,724 | 40 |
| NON-CONTROLLING INTERESTS (Note 22) | | | | | | |
| | 287,052 | – | 310,936 | – | 273,568 | – |
| Total equity | 25,342,294 | 42 | 25,071,340 | 42 | 24,897,292 | 40 |
| TOTAL | \$ 60,093,344 | 100 | \$ 59,455,276 | 100 | \$ 61,631,141 | 100 |

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' review report dated November 10, 2023)

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | For the Three Months Ended September 30 | | | | For the Nine Months Ended September 30 | | | |
|--|---|-----|--------------|-----|--|-----|--------------|-----|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 23 and 31) | \$11,267,525 | 100 | \$11,694,502 | 100 | \$31,692,726 | 100 | \$37,243,105 | 100 |
| OPERATING COSTS (Notes 9, 24 and 31) | 8,961,326 | 80 | 9,570,834 | 82 | 25,606,387 | 81 | 29,475,354 | 79 |
| GROSS PROFIT | 2,306,199 | 20 | 2,123,668 | 18 | 6,086,339 | 19 | 7,767,751 | 21 |
| OPERATING EXPENSES (Notes 24 and 31) | | | | | | | | |
| Selling and marketing expenses | 661,897 | 6 | 716,784 | 6 | 1,872,983 | 6 | 2,280,347 | 6 |
| General and administrative expenses | 516,245 | 4 | 507,051 | 5 | 1,625,870 | 5 | 1,629,899 | 5 |
| Research and development expenses | 383,794 | 3 | 387,255 | 3 | 1,136,468 | 3 | 1,167,894 | 3 |
| Expected credit loss (gain) | (11,296) | - | 15,217 | - | (7,366) | - | 14,235 | - |
| Total operating expenses | 1,550,640 | 13 | 1,626,307 | 14 | 4,627,955 | 14 | 5,092,375 | 14 |
| PROFIT FROM OPERATIONS | 755,559 | 7 | 497,361 | 4 | 1,458,384 | 5 | 2,675,376 | 7 |
| NON-OPERATING INCOME AND EXPENSES | | | | | | | | |
| Interest income (Note 24) | 31,180 | - | 29,646 | - | 89,127 | - | 73,746 | - |
| Other income (Notes 24 and 31) | 69,111 | - | 162,881 | 2 | 207,697 | - | 277,817 | 1 |
| Other gains and losses (Notes 14 and 24) | 16,023 | - | 27,770 | - | (24,349) | - | 19,113 | - |
| Loss on disposal of financial assets at amortized cost | (2,741) | - | (2,389) | - | (6,845) | - | (7,623) | - |
| Finance costs (Note 24) | (121,102) | (1) | (100,121) | (1) | (337,928) | (1) | (252,055) | (1) |
| Share of the profit of associates and joint ventures (Note 14) | 103,073 | 1 | 21,221 | - | 212,581 | 1 | 143,098 | 1 |
| Total non-operating income and expenses | 95,544 | - | 139,008 | 1 | 140,283 | - | 254,096 | 1 |
| PROFIT BEFORE INCOME TAX | 851,103 | 7 | 636,369 | 5 | 1,598,667 | 5 | 2,929,472 | 8 |
| INCOME TAX EXPENSE (Notes 4 and 25) | (256,466) | (2) | (154,294) | (1) | (514,132) | (2) | (656,302) | (2) |
| NET PROFIT FOR THE PERIOD | 594,637 | 5 | 482,075 | 4 | 1,084,535 | 3 | 2,273,170 | 6 |

(Continued)

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | For the Three Months Ended September 30 | | | | For the Nine Months Ended September 30 | | | |
|---|---|-----------|-------------------|----------|--|----------|---------------------|----------|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME (LOSS) (Notes 14, 22 and 25) | | | | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | | | | |
| Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income | \$ 59,384 | 1 | (\$ 198,525) | (2) | \$ 118,403 | - | (\$ 292,220) | (1) |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | (552) | - | (353) | - | 3,486 | - | 966 | - |
| Items that may be reclassified subsequently to profit or loss: | | | | | | | | |
| Exchange differences on translation of the financial statement of foreign operations | 1,175,165 | 10 | 378,154 | 4 | 442,777 | 2 | 801,961 | 2 |
| Share of the other comprehensive income (loss) of associates and joint ventures | 64,729 | 1 | 26,883 | - | 35,659 | - | 69,592 | 1 |
| Other comprehensive income for the period, net of income tax | 1,298,726 | 12 | 206,159 | 2 | 600,325 | 2 | 580,299 | 2 |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD | \$ 1,893,363 | 17 | \$ 688,234 | 6 | \$ 1,684,860 | 5 | \$ 2,853,469 | 8 |
| NET PROFIT (LOSS) ATTRIBUTABLE TO: | | | | | | | | |
| Owners of the Company | \$ 600,193 | | \$ 487,786 | | \$ 1,094,761 | | \$ 2,267,299 | |
| Non-controlling interests | (5,556) | | (5,711) | | (10,226) | | 5,871 | |
| | \$ 594,637 | | \$ 482,075 | | \$ 1,084,535 | | \$ 2,273,170 | |
| TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO: | | | | | | | | |
| Owners of the Company | \$ 1,889,558 | | \$ 704,612 | | \$ 1,705,431 | | \$ 2,861,969 | |
| Non-controlling interests | 3,805 | | (16,378) | | (20,571) | | (8,500) | |
| | \$ 1,893,363 | | \$ 688,234 | | \$ 1,684,860 | | \$ 2,853,469 | |
| EARNINGS PER SHARE (Note 26) | | | | | | | | |
| Basic | \$ 0.51 | | \$ 0.41 | | \$ 0.93 | | \$ 1.85 | |
| Diluted | 0.51 | | 0.41 | | 0.93 | | 1.84 | |

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' review report dated November 10, 2023)

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

| | Equity Attributable to Owners of the Company | | | | | Exchange Differences on Translating Foreign Operations | Other Equity | | Total Other Equity | Total | Non-controlling Interests | Total Equity |
|---|--|-----------------|-------------------|-----------------|-------------------------|--|--|--------------------|--------------------|------------|---------------------------|--------------|
| | Ordinary Shares | Capital Surplus | Retained Earnings | | Unappropriated Earnings | | Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income | Total Other Equity | | | | |
| | | | Legal Reserve | Special Reserve | | | | | | | | |
| BALANCE AT JANUARY 1, 2023 | \$ 11,782,655 | \$ 368,946 | \$ 4,803,617 | \$ 1,181,819 | \$ 7,600,968 | (\$ 1,335,011) | \$ 357,410 | (\$ 977,601) | \$ 24,760,404 | \$ 310,936 | \$ 25,071,340 | |
| Appropriation of 2022 earnings(Note 22) | | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 279,764 | - | (279,764) | - | - | - | - | - | - | |
| Reversal of special reserve | - | - | - | (204,218) | 204,218 | - | - | - | - | - | - | |
| Cash dividends—NT\$1.2 per share | - | - | - | - | (1,413,919) | - | - | - | (1,413,919) | - | (1,413,919) | |
| | - | - | 279,764 | (204,218) | (1,489,465) | - | - | - | (1,413,919) | - | (1,413,919) | |
| Share of change in equities of associates or joint ventures(Note 22) | - | 3,326 | - | - | - | - | - | - | 3,326 | - | 3,326 | |
| Net profit for the nine months ended September 30, 2023 | - | - | - | - | 1,094,761 | - | - | - | 1,094,761 | (10,226) | 1,084,535 | |
| Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax | - | - | - | - | - | 488,781 | 121,889 | 610,670 | 610,670 | (10,345) | 600,325 | |
| Total comprehensive income (loss) for the nine months ended September 30, 2023 | - | - | - | - | 1,094,761 | 488,781 | 121,889 | 610,670 | 1,705,431 | (20,571) | 1,684,860 | |
| Decrease in non-controlling interests | - | - | - | - | - | - | - | - | - | (3,313) | (3,313) | |
| BALANCE AT SEPTEMBER 30, 2023 | \$ 11,782,655 | \$ 372,272 | \$ 5,083,381 | \$ 977,601 | \$ 7,206,264 | (\$ 846,230) | \$ 479,299 | (\$ 366,931) | \$ 25,055,242 | \$ 287,052 | \$ 25,342,294 | |
| BALANCE AT JANUARY 1, 2022 | \$ 12,402,795 | \$ 368,946 | \$ 4,437,120 | \$ 781,875 | \$ 7,430,191 | (\$ 1,781,848) | \$ 600,029 | (\$ 1,181,819) | \$ 24,239,108 | \$ 427,749 | \$ 24,666,857 | |
| Appropriation of 2021 earnings(Note 22) | | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 366,497 | - | (366,497) | - | - | - | - | - | - | |
| Special reserve appropriated | - | - | - | 399,944 | (399,944) | - | - | - | - | - | - | |
| Cash dividends—NT\$1.5 per share | - | - | - | - | (1,860,419) | - | - | - | (1,860,419) | - | (1,860,419) | |
| | - | - | 366,497 | 399,944 | (2,626,860) | - | - | - | (1,860,419) | - | (1,860,419) | |
| Net profit for the nine months ended September 30, 2022 | - | - | - | - | 2,267,299 | - | - | - | 2,267,299 | 5,871 | 2,273,170 | |
| Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax | - | - | - | - | - | 885,924 | (291,254) | 594,670 | 594,670 | (14,371) | 580,299 | |
| Total comprehensive income (loss) for the nine months ended September 30, 2022 | - | - | - | - | 2,267,299 | 885,924 | (291,254) | 594,670 | 2,861,969 | (8,500) | 2,853,469 | |
| Capital reduction by cash (Note 22) | (620,140) | - | - | - | - | - | - | - | (620,140) | - | (620,140) | |
| Disposal of subsidiaries (Note 27) | - | - | - | - | - | - | - | - | - | (127,529) | (127,529) | |
| Decrease in non-controlling interests | - | - | - | - | - | - | - | - | - | (18,152) | (18,152) | |
| Disposal of investments in equity instruments as at fair value through other comprehensive income | - | - | - | - | 3,206 | - | - | - | 3,206 | - | 3,206 | |
| BALANCE AT SEPTEMBER 30, 2022 | \$ 11,782,655 | \$ 368,946 | \$ 4,803,617 | \$ 1,181,819 | \$ 7,073,836 | (\$ 895,924) | \$ 308,775 | (\$ 587,149) | \$ 24,623,724 | \$ 273,568 | \$ 24,897,292 | |

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' review report dated November 10, 2023)

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

| | For the Nine months Ended September 30 | |
|---|---|--------------|
| | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | \$ 1,598,667 | \$ 2,929,472 |
| Adjustments for: | | |
| Depreciation expense | 1,556,685 | 1,557,841 |
| Amortization expense | 15,519 | 17,287 |
| Expected credit loss (gain) | (7,366) | 14,235 |
| Net gain on fair value changes of financial assets at fair value through profit or loss | (3,867) | (123) |
| Finance costs | 337,928 | 252,055 |
| Loss on disposal of financial assets at amortized cost | 6,845 | 7,623 |
| Interest income | (89,127) | (73,746) |
| Dividends income | (13,013) | (120,032) |
| Share of the profit of associates and joint ventures | (212,581) | (143,098) |
| Loss on disposal of property, plant and equipment | 5,939 | 15,408 |
| Gain on disposal of investments | (2,547) | - |
| Impairment loss recognized on non-financial assets | 13,103 | 60,626 |
| Others | (24) | (3,872) |
| Changes in operating assets and liabilities | | |
| Notes receivable | 493,315 | 1,677,551 |
| Notes receivable from related parties | 15,159 | 25,640 |
| Accounts receivable | 161,219 | 829,250 |
| Accounts receivable from related parties | (13,868) | 33,101 |
| Other receivables | (85,139) | 71,068 |
| Inventories | 1,113,757 | 466,612 |
| Other current assets | (26,331) | 62,434 |
| Notes payable | 49,672 | (54,531) |
| Accounts payable | 416,442 | (2,790,823) |
| Other payables | (1,191) | 24,094 |
| Other current liabilities | 330,537 | 533,642 |
| Other non-current liabilities | (40,080) | (57,860) |
| Cash generated from operations | 5,619,653 | 5,333,854 |
| Interest received | 86,211 | 58,663 |
| Dividends received | 165,460 | 244,179 |
| Interest paid | (334,027) | (241,613) |
| Income taxes paid | (821,028) | (893,937) |
| Net cash generated from operating activities | 4,716,269 | 4,501,146 |

(Continued)

Eternal Materials Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

| | For the Nine months Ended September 30 | |
|--|---|---------------------|
| | 2023 | 2022 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at fair value through other comprehensive income | (\$ 50,000) | \$ - |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | - | 1,239 |
| Purchase of financial assets at fair value through profit or loss | (735,845) | (757,713) |
| Proceeds from disposal of financial assets at fair value through profit or loss | 657,611 | 763,962 |
| Proceeds from capital reduction of investments accounted for using the equity method | 35,889 | 123,909 |
| Proceeds from disposal of non-current assets held for sale | 168,318 | 29,242 |
| Payments for property, plant and equipment | (2,210,158) | (2,116,961) |
| Proceeds from disposal of property, plant and equipment | 13,670 | 5,385 |
| Payments for intangible assets | (2,604) | (19,359) |
| Decrease in long-term lease receivables | 24,381 | 23,214 |
| Increase in other financial assets | (158,679) | (63,210) |
| Increase in other non-current assets | (359,979) | (23,804) |
| Net cash used in investing activities | <u>(2,617,396)</u> | <u>(2,034,096)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in short-term borrowings | 899,173 | 3,200,696 |
| Proceeds from long-term borrowings | 5,722,999 | 5,519,458 |
| Repayments of long-term borrowings | (6,510,025) | (6,171,772) |
| Increase in guarantee deposits received | 9,792 | 7,850 |
| Repayment of the principal portion of lease liabilities | (67,189) | (64,826) |
| Cash dividends | (1,413,919) | (1,860,419) |
| Decrease in non-controlling interests | (3,313) | (18,152) |
| Net cash generated from (used in) financing activities | <u>(1,362,482)</u> | <u>612,835</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | <u>46,798</u> | <u>172,851</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 783,189 | 3,252,736 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | <u>5,450,766</u> | <u>4,289,467</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u>\$ 6,233,955</u> | <u>\$ 7,542,203</u> |

Reconciliation of cash and cash equivalents as of the end of the period

| | September 30 | |
|--|---------------------|---------------------|
| | 2023 | 2022 |
| Cash and cash equivalents in the consolidated balance sheets | \$ 6,212,097 | \$ 7,542,203 |
| Cash and cash equivalents classified to non-current assets held for sale | 21,858 | - |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u>\$ 6,233,955</u> | <u>\$ 7,542,203</u> |

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' review report dated November 10, 2023)

Eternal Materials Co., Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Eternal Materials Co., Ltd. (the “Company”) was established in December 1964. The Company is mainly engaged in the research, manufacturing, processing, selling and trading of diversified industrial synthetic resins, epoxy resin, acrylates, methacrylates, coating, molding compound, copper clad laminates, film materials, photoresist materials, electronic chemical materials, composite materials and bio-medical testing materials.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since March 1994.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on November 10, 2023.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

- a. The application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC), (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC will not have material impact on the Company and its subsidiaries’ accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2024

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|---|--|
| Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback” | January 1, 2024 (Note 2) |
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | January 1, 2024 |
| Amendments to IAS 1 “Non-current Liabilities with Covenants” | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements” | January 1, 2024 (Note 3) |

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Company and its subsidiaries are continuously assessing the possible impact that the application of other standards and interpretations will have on the Company and its subsidiaries’ financial position and financial

performance and will disclose the relevant impact when the assessment is completed.

- c. The IFRSs issued by International Accounting Standards Board (IASB), but not yet endorsed and issued into effect by the FSC

| <u>New, Amended and Revised Standards and Interpretations</u> | <u>Effective Date Announced by IASB (Note 1)</u> |
|--|--|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information” | January 1, 2023 |
| Amendments to IAS 21 “Lack of Exchangeability” | January 1, 2025 (Note 2) |

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Company and its subsidiaries are continuously assessing the possible impact that the application of other standards and interpretations will have on the Company and its subsidiaries’ financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. The consolidated financial statements do not present full disclosures required for a complete set of IFRSs annual financial statements.

- b. Basis of consolidation

The detailed information of subsidiaries (including the percentages of ownership and main businesses) is provided in Note 13 and Tables 9 and 10.

- c. Other significant accounting policies

Except for the following, refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2022.

- 1) Retirement Benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated on an interim period's pre-tax income by applying to the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements of the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|---|-------------------------------|------------------------------|-------------------------------|
| Cash on hand | \$ 11,382 | \$ 11,527 | \$ 32,474 |
| Checking accounts and demand deposits | 5,471,415 | 3,714,602 | 4,486,404 |
| Cash equivalents (investments with original maturities of three months or less) | | | |
| Time deposits | 729,300 | 1,724,637 | 3,023,325 |
| | <u>\$ 6,212,097</u> | <u>\$ 5,450,766</u> | <u>\$ 7,542,203</u> |

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|---------------------------------------|-------------------------------|------------------------------|-------------------------------|
| <u>Financial assets — current</u> | | | |
| Hybrid financial assets | | | |
| Structured time deposits | <u>\$ 80,968</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>Financial assets — non-current</u> | | | |
| Non-derivative financial assets | | | |
| Mutual fund | | | |
| Pacven Walden Ventures V, L.P. | <u>\$ 9,991</u> | <u>\$ 9,402</u> | <u>\$ 12,160</u> |

8. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|---------------------------------------|-------------------------------|------------------------------|-------------------------------|
| Notes receivable | <u>\$ 5,024,302</u> | <u>\$ 5,429,674</u> | <u>\$ 5,211,885</u> |
| Notes receivable from related parties | <u>\$ 32,440</u> | <u>\$ 47,123</u> | <u>\$ 59,929</u> |
| Accounts receivable | \$11,665,414 | \$11,736,196 | \$12,656,583 |
| Less: Allowance for loss | (254,088) | (266,109) | (255,799) |
| | <u>\$11,411,326</u> | <u>\$11,470,087</u> | <u>\$12,400,784</u> |

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|--|-------------------------------|------------------------------|-------------------------------|
| Accounts receivable from related parties | \$ 202,765 | \$ 185,544 | \$ 211,335 |
| Less: Allowance for loss | (257) | (149) | (213) |
| | <u>\$ 202,508</u> | <u>\$ 185,395</u> | <u>\$ 211,122</u> |
| | | | |
| Other receivables | \$ 710,297 | \$ 872,536 | \$ 688,024 |
| Less: Allowance for loss | (29,800) | (29,800) | (29,800) |
| | <u>\$ 680,497</u> | <u>\$ 842,736</u> | <u>\$ 658,224</u> |

a. Notes receivable and accounts receivable

The notes and accounts receivable of the Company and its subsidiaries are measured at amortized cost. For the related credit management policies, refer to Note 30.

The loss allowance of the Company and its subsidiaries' accounts receivable is recognized by using lifetime expected credit losses. The lifetime expected credit losses on accounts receivable are estimated using a provision matrix approach considering the past collection experience of the customers, the increase in overdue payments and the forward-looking factor of global economic growth rate.

The following table details the loss allowance of notes and accounts receivable based on the Company and its subsidiaries' provision matrix.

September 30, 2023

| | Not Past Due | 0 to 30 Days | 31 to 90 Days | 91 to 180 Days | Over 180 Days | Total |
|-------------------------------|---------------------|---------------------|----------------------|---------------------------|--------------------------|---------------------|
| Gross carrying amount | \$15,159,877 | \$ 865,271 | \$ 542,978 | \$ 148,207 | \$ 208,588 | \$16,924,921 |
| Loss allowance (lifetime ECL) | (7,884) | (6,550) | (12,597) | (18,726) | (208,588) | (254,345) |
| Amortized cost | <u>\$15,151,993</u> | <u>\$ 858,721</u> | <u>\$ 530,381</u> | <u>\$ 129,481</u> | <u>\$ -</u> | <u>\$16,670,576</u> |

December 31, 2022

| | Not Past Due | 0 to 30 Days | 31 to 90 Days | 91 to 180 Days | Over 180 Days | Total |
|-------------------------------|---------------------|---------------------|----------------------|---------------------------|--------------------------|---------------------|
| Gross carrying amount | \$15,411,194 | \$ 1,045,469 | \$ 575,241 | \$ 160,184 | \$ 206,449 | \$17,398,537 |
| Loss allowance (lifetime ECL) | (7,031) | (6,050) | (13,205) | (33,523) | (206,449) | (266,258) |
| Amortized cost | <u>\$15,404,163</u> | <u>\$ 1,039,419</u> | <u>\$ 562,036</u> | <u>\$ 126,661</u> | <u>\$ -</u> | <u>\$17,132,279</u> |

September 30, 2022

| | Not Past Due | 0 to 30 Days | 31 to 90 Days | 91 to 180 Days | Over 180 Days | Total |
|-------------------------------|---------------------|---------------------|----------------------|---------------------------|--------------------------|---------------------|
| Gross carrying amount | \$15,423,673 | \$ 1,471,420 | \$ 871,133 | \$ 170,986 | \$ 202,520 | \$18,139,732 |
| Loss allowance (lifetime ECL) | (6,973) | (7,729) | (16,034) | (22,756) | (202,520) | (256,012) |
| Amortized cost | <u>\$15,416,700</u> | <u>\$ 1,463,691</u> | <u>\$ 855,099</u> | <u>\$ 148,230</u> | <u>\$ -</u> | <u>\$17,883,720</u> |

The movements of the loss allowance for doubtful accounts receivable were as follows:

| | For the Nine Months Ended September 30 | |
|--|---|-------------------|
| | 2023 | 2022 |
| Balance, beginning of the period | \$ 266,258 | \$ 249,160 |
| Recognized (reversed) | (7,366) | 14,235 |
| Written-off | (7,212) | (11,444) |
| Effects of foreign currency exchange differences | 2,665 | 4,061 |
| | <u>254,345</u> | <u>256,012</u> |
| Balance, end of the period | <u>\$ 254,345</u> | <u>\$ 256,012</u> |

b. Other receivables

The Company and its subsidiaries' loss allowance is based on historical experience and current financial position. As of September 30, 2023, December 31, 2022, and September 30, 2022, the balance of the loss allowance of the Company and its subsidiaries was \$29,800 thousand.

9. INVENTORIES

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|----------------------|-------------------------------|------------------------------|-------------------------------|
| | Raw materials | \$ 3,178,521 | \$ 3,616,961 |
| Supplies | 142,437 | 152,236 | 179,509 |
| Finished goods | 5,082,334 | 5,665,657 | 6,011,610 |
| Work in progress | 6,049 | 23,511 | - |
| Inventory in transit | 191,210 | 257,800 | 174,465 |
| | <u>\$ 8,600,551</u> | <u>\$ 9,716,165</u> | <u>\$10,303,772</u> |

The cost of inventories recognized as operating costs for the three months ended September 30, 2023 and 2022, and the nine months ended September 30, 2023 and 2022 was \$8,936,892 thousand, \$9,547,481 thousand, \$25,530,967 thousand and \$29,407,522 thousand, respectively, including reversal of write-down of inventories of \$12,161 thousand and write-down of inventories of \$36,615 thousand, \$13,103 thousand, \$69,385 thousand, respectively.

10. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

In May 2023, the board of directors of the Company resolved to dispose of the entire equity interest of Eternal Optical Material (Suzhou) Co., Ltd. held by its subsidiary Eternal (China) Investment Co., Ltd.. The disposal procedure is expected to be completed within twelve months, therefore the relevant assets and liabilities were reclassified as disposal groups held for sale and presented separately in the consolidated balance sheets. The major classes of assets and liabilities of the disposal groups held for sale were as follows:

| | September 30, 2023 |
|---|---------------------------|
| Cash and cash equivalents | \$ 21,858 |
| Accounts receivable, net | 4,365 |
| Other current assets-others | 2,531 |
| Property, plant and equipment | 64,721 |
| Right-of-use assets | 1,449 |
| Investment properties | 88,040 |
| Intangible assets | 196 |
| Non-current assets held for sale | <u>\$ 183,160</u> |
| Other payables - others | \$ 1,528 |
| Other current liabilities - others | 528 |
| Other non-current liabilities | 748 |
| Liabilities directly associated with non-current assets held for sale | <u>\$ 2,804</u> |

The sales price is expected to be higher than the carrying amount of the relevant net assets, therefore no impairment loss was recognized.

11. OTHER FINANCIAL ASSETS - CURRENT

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|--|-------------------------------|------------------------------|-------------------------------|
| Time deposits with original maturities of more than three months | \$ 1,409,903 | \$ 1,203,722 | \$ 261,802 |
| Restricted time deposit | 251 | 16,785 | 1,814 |
| | <u>\$ 1,410,154</u> | <u>\$ 1,220,507</u> | <u>\$ 263,616</u> |

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|--|-------------------------------|------------------------------|-------------------------------|
| Domestic investments | | | |
| Listed shares | | | |
| President Securities Corp. | \$ 625,627 | \$ 522,190 | \$ 488,823 |
| Unlisted shares | | | |
| Universal Venture Capital Investment Corp. | 52,446 | 45,497 | 46,318 |
| Der Yang Biotechnology Venture Capital Co., Ltd. | 2,999 | 2,770 | 3,072 |
| Research Innovation Capital Corporation | 49,668 | - | - |
| | <u>730,740</u> | <u>570,457</u> | <u>538,213</u> |
| Foreign investments | | | |
| Unlisted shares | | | |
| Grace THW Holding Limited | \$ 231,922 | \$ 195,591 | \$ 217,223 |
| TBG Diagnostics Limited | 39,169 | 56,599 | 19,018 |
| | <u>271,091</u> | <u>252,190</u> | <u>236,241</u> |
| | <u>\$1,001,831</u> | <u>\$ 822,647</u> | <u>\$ 774,454</u> |

The Company participated in cash capital increase of Research Innovation Capital Corporation in March 2023. As of September 30, 2023, the Company held 29.76% ownership of Research Innovation Capital Corporation. However, considering that company is expected to raise funds until the end of 2023, the Company's percentage of ownership is expected to be less than 20% according to the capital plan. Therefore, the Company has no significant influence on it.

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company and its subsidiaries' strategy of holding these investments for long-term purposes.

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements were as follows:

| Investor | Investee | Main Businesses | Percentage of Ownership (%) | | | Additional Remarks |
|---------------------------------------|---|---|-----------------------------|-------------------|--------------------|--------------------|
| | | | September 30, 2023 | December 31, 2022 | September 30, 2022 | |
| The Company | Eternal Holdings Inc. | International investment | 100 | 100 | 100 | 1) |
| | Eternal Global (BVI) Co., Ltd. | International investment | 100 | 100 | 100 | 1) |
| | Mixville Holdings Inc. | International investment | 100 | 100 | 100 | 1) |
| | CHOU-KOU Materials Co., Ltd. | Selling, trading and providing services of resins material, electronic material and other related products, manufacturing and selling of dry film photoresist | 100 | 100 | 100 | 1) |
| | Nikko-Materials Co., Ltd. (NM) | Manufacturing and selling of vacuum laminator | - | - | 100 | 1) and 2) |
| | Eternal Electronic Material (Thailand) Co., Ltd. | Trading services, cutting and selling of dry film photoresist | 75 | 75 | 75 | 1) |
| | New E Materials Co., Ltd. | Researching, developing, manufacturing and selling of photoelectric, semiconductor process related electronic chemical materials and equipment spare parts | 62.80 | 62.80 | 62.80 | 1) |
| | Eternal Precision Mechanics Co., Ltd. | Manufacturing and selling of vacuum laminator | 100 | 100 | - | 1) and 2) |
| | Elga Europe S.r.l. | Manufacturing, selling, distribution and processing of electronic chemical products | 72.68 | 72.68 | 72.68 | 1) |
| | Eternal Technology Corporation | Manufacturing and selling of photoresist and selling of chemical products | 100 | - | - | 1) and 3) |
| Eternal Global (BVI) Co., Ltd. | Eternal Chemical (China) Co., Ltd | Manufacturing and selling of resins material and processing products | 100 | 100 | 100 | |
| Eternal Holdings Inc. | Eternal International (BVI) Co., Ltd. | International investment | 100 | 100 | 100 | 1) |
| | E-Chem Corp. | International investment | 100 | 100 | 100 | 1) |
| | Eternal Nanyang Investment Co., Ltd. | International investment | 90 | 90 | 90 | 1) |
| | PT Eternal Materials Indonesia | Trading of chemical products | 67 | 67 | 67 | 1) |
| | Eternal Materials India Private Limited | Trading of chemical products | 99 | - | - | 1) and 4) |
| Eternal International (BVI) Co., Ltd. | Eternal Technology Corporation | Manufacturing and selling of photoresist and selling of chemical products | - | 100 | 100 | 1) and 3) |
| | Eternal (China) Investment Co., Ltd. | Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemical materials | 100 | 100 | 100 | 1) |
| E-Chem Corp. | Eternal Specialty Materials (Zhuhai) Co., Ltd. | Manufacturing and selling of acrylic resin and methacrylic acid | 90 | 90 | 90 | |
| | Eternal Materials India Private Limited | Trading of chemical products | 1 | - | - | 1) and 4) |
| Eternal Nanyang Investment Co., Ltd. | Eternal Materials (Malaysia) Sdn. Bhd. | Manufacturing, selling, trading and providing services of resins material related products | 100 | 100 | 100 | 1) |
| Mixville Holdings Inc. | High Expectation Limited | International investment | 100 | 100 | 100 | 1) |
| High Expectation Limited | Eternal Materials (Guangdong) Co., Ltd. | Manufacturing and selling of adhesives, resins material and processing of products | 100 | 100 | 100 | 1) |
| Eternal (China) Investment Co., Ltd. | Eternal Optical Material (Suzhou) Co., Ltd. | Manufacturing and selling of optical film , and leasing business | 100 | 100 | 100 | 1) and Note 10 |
| | Eternal Photoelectric Material Industry (Yingkou) Co., Ltd. | Researching, developing and manufacturing of photoresist dry film, liquid photo imagable solder masks and printed circuit board related materials | 100 | 100 | 100 | 1) |
| | Eternal Synthetic Resins (Changshu) Co., Ltd. | Manufacturing and selling of unsaturated polyester resin | 100 | 100 | 100 | 1) |
| | Eternal Chemical (Chengdu) Co., Ltd. | Researching, manufacturing and selling of resins material | 100 | 100 | 100 | 1) |

(Continued)

| Investor | Investee | Main Businesses | Percentage of Ownership (%) | | | Additional Remarks |
|---------------------------------------|--|--|-----------------------------|-------------------|--------------------|--------------------|
| | | | September 30, 2023 | December 31, 2022 | September 30, 2022 | |
| | Eternal Electronic (Suzhou) Co., Ltd. | Researching, developing, and manufacturing of dry film photoresist and dry film solder mask which used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products | 100 | 100 | 100 | 1) |
| | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Researching, developing, manufacturing and selling of electronic high-tech chemical and related products | 100 | 100 | 100 | |
| | Eternal Chemical (Tianjin) Co., Ltd. | Manufacturing and selling of adhesives, resins material and processing products | 100 | 100 | 100 | 1) |
| | Eternal Specialty Materials (Suzhou) Co., Ltd. | Researching and developing chemical products, and selling, providing technical services of self-produced products | 100 | 100 | 100 | |
| | Elga Europe S.r.l. | Manufacturing, selling, distribution and processing of electronic chemical products | 22.32 | 22.32 | 22.32 | 1) |
| | Eternal Material Industry (Tongling) Co., Ltd. | Manufacturing, selling, trading and providing technical services of products related to resins material | 100 | 100 | 100 | 1) |
| Eternal Precision Mechanics Co., Ltd. | Nikko-Materials Co., Ltd. (NM) | Manufacturing and selling of vacuum laminator | 100 | 100 | - | 1) and 2) |
| | Eternal Precision Mechanics (Guangzhou) Co., Ltd. | Manufacturing and selling of computers, communications and other electronic equipment | 100 | - | - | 1) and 5) |

(Concluded)

- 1) This is an immaterial subsidiary for which its financial statements are not reviewed by the Company's independent auditors.
- 2) The organizational restructuring was approved by the shareholders in their meeting in June 2022, and the Company spun off the related business (including assets, liabilities, and business value) of the Electric Equipment Department of Electronic Materials BU and its subsidiary NM to its wholly-owned subsidiary, Eternal Precision Mechanics Co., Ltd.. The spin-off base date was October 1, 2022.
- 3) The organizational restructuring was executed in July 2023. The subsidiary Eternal International (BVI) Co., Ltd. transferred the equity of the subsidiary Eternal Technology Corporation to the Company.
- 4) The subsidiary was established in August 2023.
- 5) The subsidiary was established in September 2023.

b. The Company and its subsidiaries did not have any subsidiary with material non-controlling interests.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (INCLUDING CREDIT BALANCE)

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|---|-----------------------|----------------------|-----------------------|
| Investments accounted for using the equity method | | | |
| Investments in associates | \$ 2,466,722 | \$ 2,323,035 | \$ 2,434,960 |
| Credit balance of investments accounted for using the equity method (recorded as other non-current liabilities) | | | |
| Investments in associates | \$ - | (\$ 40,424) | (\$ 39,270) |

a. Investments accounted for using the equity method

Investments in associates

| | <u>September 30, 2023</u> | <u>December 31, 2022</u> | <u>September 30, 2022</u> |
|---|-------------------------------|------------------------------|-------------------------------|
| Associates that are not individually material | \$ 2,466,722 | \$ 2,323,035 | \$ 2,434,960 |

Information about associates that are not individually material was as follows:

| | <u>For the Three Months Ended September 30</u> | | <u>For the Nine Months Ended September 30</u> | |
|--|--|------------------|---|-------------------|
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| The Company and its subsidiaries' share of | | | | |
| Net profit for the period | \$ 103,073 | \$ 24,057 | \$ 218,139 | \$ 154,674 |
| Other comprehensive income for the period | 64,729 | 27,358 | 35,410 | 70,575 |
| Total comprehensive income (loss) for the period | <u>\$ 167,802</u> | <u>\$ 51,415</u> | <u>\$ 253,549</u> | <u>\$ 225,249</u> |

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

| <u>Name of Associate</u> | <u>September 30, 2023</u> | <u>December 31, 2022</u> | <u>September 30, 2022</u> |
|-----------------------------|-------------------------------|------------------------------|-------------------------------|
| Daxin Materials Corporation | <u>\$ 2,506,348</u> | <u>\$ 1,522,548</u> | <u>\$ 1,489,754</u> |

The Company and its subsidiaries held 50% ownership of Covestro Eternal Resins (Kunshan) Co., Ltd. but had no control over it. Therefore, Covestro Eternal Resins (Kunshan) Co., Ltd. was not included in the consolidated financial statements.

b. Credit balance of investments accounted for using the equity method

| | <u>September 30, 2023</u> | <u>December 31, 2022</u> | <u>September 30, 2022</u> |
|---|-------------------------------|------------------------------|-------------------------------|
| Associates that are not individually material | <u>\$ -</u> | <u>(\$ 40,424)</u> | <u>(\$ 39,270)</u> |

Information about associates that are not individually material was as follows:

| | <u>For the Three Months Ended September 30</u> | | <u>For the Nine Months Ended September 30</u> | |
|--|--|-------------------|---|--------------------|
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| The Company and its subsidiaries' share of | | | | |
| Net loss for the period | \$ - | (\$ 2,836) | (\$ 5,558) | (\$ 11,576) |
| Other comprehensive income for the period | - | (475) | 249 | (983) |
| Total comprehensive income (loss) for the period | <u>\$ -</u> | <u>(\$ 3,311)</u> | <u>(\$ 5,309)</u> | <u>(\$ 12,559)</u> |

The Company and its subsidiaries' share of losses of the associates exceeded their interests in those associates. After reducing their equity to zero, the Company and its subsidiaries recognized additional losses only to the extent that they have incurred legal obligations or constructive obligations, or made payments on behalf of those associates and transferred them to the credit balance of investments accounted for using the equity method (recorded as other non-current liabilities).

In March 2023, the board of directors of the Company resolved to dispose of the equity of the associate Shanghai Dowill Paint Technology Co., Ltd. (Original name: ESCO Specialty Coatings (Shanghai) Co., Ltd.) held by its subsidiary Eternal (China) Investment Co., Ltd. and the loans from Eternal (China) Investment Co., Ltd. to Shanghai Dowill Paint Technology Co., Ltd. The disposal was completed in May 2023, and the gain on disposal of investment was \$2,547 thousand (recorded as other gains and losses).

The Company and its subsidiaries' investments accounted for using the equity method (including credit balance) as of September 30, 2023 and 2022 are based on the associates' financial statements which have not been reviewed by independent auditors for the same period.

Refer to Tables 9 and 10 for the main businesses and countries of incorporation of the associates that are not individually material.

15. PROPERTY, PLANT AND EQUIPMENT

For the Nine Months Ended September 30, 2023

| | Land | Buildings | Machinery and Equipment | Storage Equipment | Examination Equipment | Other Equipment | Construction in Progress and Equipment to be Inspected | Total |
|---|-------------|--------------|-------------------------|-------------------|-----------------------|-----------------|--|--------------|
| Carrying amount at January 1, 2023 | \$2,705,522 | \$ 4,887,232 | \$ 6,093,148 | \$ 673,854 | \$ 524,164 | \$ 299,695 | \$2,289,335 | \$17,472,950 |
| <u>Cost</u> | | | | | | | | |
| Balance at January 1, 2023 | \$2,705,522 | \$11,653,533 | \$22,972,582 | \$1,658,571 | \$1,786,946 | \$ 957,333 | \$2,289,335 | \$44,023,822 |
| Additions | - | 233,622 | 772,169 | 35,845 | 80,419 | 43,195 | 906,427 | 2,071,677 |
| Disposals | - | (5,028) | (131,396) | (26,972) | (58,959) | (26,583) | - | (248,938) |
| Transferred to investment properties | - | - | - | - | - | - | (976) | (976) |
| Transferred to non-current assets held for sale | - | (103,775) | (193,059) | (783) | (2,828) | (8,984) | - | (309,429) |
| Effect of foreign currency exchange difference | 7,936 | 145,335 | 213,908 | 14,210 | 8,838 | 11,104 | 30,475 | 431,806 |
| Balance at September 30, 2023 | \$2,713,458 | \$11,923,687 | \$23,634,204 | \$1,680,871 | \$1,814,416 | \$ 976,065 | \$3,225,261 | \$45,967,962 |
| <u>Accumulated depreciation and impairment</u> | | | | | | | | |
| Balance at January 1, 2023 | \$ - | \$ 6,766,301 | \$16,879,434 | \$ 984,717 | \$1,262,782 | \$ 657,638 | \$ - | \$26,550,872 |
| Depreciation | - | 378,736 | 841,827 | 56,740 | 93,708 | 58,713 | - | 1,429,724 |
| Disposals | - | (4,784) | (119,522) | (25,350) | (56,189) | (24,797) | - | (230,642) |
| Transferred to non-current assets held for sale | - | (66,623) | (168,560) | (703) | (1,339) | (7,483) | - | (244,708) |
| Effect of foreign currency exchange difference | - | 85,827 | 167,029 | 7,876 | 6,091 | 8,289 | - | 275,112 |
| Balance at September 30, 2023 | \$ - | \$ 7,159,457 | \$17,600,208 | \$1,023,280 | \$1,305,053 | \$ 692,360 | \$ - | \$27,780,358 |
| Carrying amount at September 30, 2023 | \$2,713,458 | \$ 4,764,230 | \$ 6,033,996 | \$ 657,591 | \$ 509,363 | \$ 283,705 | \$3,225,261 | \$18,187,604 |

For the Nine Months Ended September 30, 2022

| | Land | Buildings | Machinery and Equipment | Storage Equipment | Examination Equipment | Other Equipment | Construction in Progress and Equipment to be Inspected | Total |
|--|-------------|--------------|-------------------------|-------------------|-----------------------|-----------------|--|--------------|
| Carrying amount at January 1, 2022 | \$2,696,984 | \$ 5,114,250 | \$ 6,013,137 | \$ 615,524 | \$ 530,670 | \$ 334,462 | \$1,063,973 | \$16,369,000 |
| <u>Cost</u> | | | | | | | | |
| Balance at January 1, 2022 | \$2,696,984 | \$11,464,804 | \$22,019,645 | \$1,556,551 | \$1,705,780 | \$ 932,775 | \$1,063,973 | \$41,440,512 |
| Additions | - | 191,203 | 574,570 | 92,275 | 89,451 | 32,473 | 1,035,066 | 2,015,038 |
| Disposals | - | (58,286) | (328,308) | (32,681) | (23,735) | (25,458) | (250) | (468,718) |
| Transferred to investment properties | - | (245,303) | - | - | - | - | (287) | (245,590) |
| Effect of foreign currency exchange difference | (2,689) | 275,623 | 374,749 | 29,084 | 13,677 | 17,717 | 29,121 | 737,282 |
| Balance at September 30, 2022 | \$2,694,295 | \$11,628,041 | \$22,640,656 | \$1,645,229 | \$1,785,173 | \$ 957,507 | \$2,127,623 | \$43,478,524 |

(Continued)

| | Land | Buildings | Machinery and Equipment | Storage Equipment | Examination Equipment | Other Equipment | Construction in Progress and Equipment to be Inspected | Total |
|--|-------------|--------------|-------------------------|-------------------|-----------------------|-----------------|--|--------------|
| <u>Accumulated depreciation and impairment</u> | | | | | | | | |
| Balance at January 1, 2022 | \$ - | \$ 6,350,554 | \$16,006,508 | \$ 941,027 | \$1,175,110 | \$ 598,313 | \$ - | \$25,071,512 |
| Depreciation | - | 402,291 | 824,465 | 55,900 | 91,481 | 60,045 | - | 1,434,182 |
| Disposals | - | (50,438) | (320,449) | (30,689) | (22,222) | (24,104) | - | (447,902) |
| Transferred to investment properties | - | (144,514) | - | - | - | - | - | (144,514) |
| Effect of foreign currency exchange difference | - | 128,661 | 244,948 | 13,445 | 9,013 | 10,371 | - | 406,438 |
| Balance at September 30, 2022 | \$ - | \$ 6,686,554 | \$16,755,472 | \$ 979,683 | \$1,253,382 | \$ 644,625 | \$ - | \$26,319,716 |
| Carrying amount at September 30, 2022 | \$2,694,295 | \$ 4,941,487 | \$ 5,885,184 | \$ 665,546 | \$ 531,791 | \$ 312,882 | \$2,127,623 | \$17,158,808 |

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

| | |
|-------------------------|------------|
| Buildings | 3-50 years |
| Machinery and equipment | 3-20 years |
| Storage equipment | 2-20 years |
| Examination equipment | 5-15 years |
| Other equipment | 3-12 years |

Refer to Note 32 for the amounts of property, plant and equipment pledged by the Company and its subsidiaries as collateral for bank borrowings.

Land (including those recorded as investment properties) held by the Company was revalued in 1980, 1990, 1997 and 2004, and as of September 30, 2023, December 31, 2022 and September 30, 2022, the revaluation increments of the land were \$1,973,324 thousand.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|-------------------------|-----------------------|----------------------|-----------------------|
| Carrying amounts | | | |
| Land | \$1,105,183 | \$1,114,341 | \$1,133,673 |
| Buildings | 114,509 | 84,846 | 91,026 |
| Machinery and equipment | 116,730 | 93,031 | 90,469 |
| Storage equipment | 12,279 | 11,012 | 11,818 |
| Other equipment | 18,100 | 19,875 | 20,656 |
| | <u>\$1,366,801</u> | <u>\$1,323,105</u> | <u>\$1,347,642</u> |

**For the Nine Months
Ended September 30**

| | | |
|----------------------------------|-------------------|-------------------|
| | 2023 | 2022 |
| Additions to right-of-use assets | <u>\$ 128,713</u> | <u>\$ 314,253</u> |

17. INVESTMENT PROPERTIES

For the Nine Months Ended September 30, 2023

| | Land | Buildings | Right-of-use Assets | Total |
|---|-------------|------------------|--------------------------------|--------------|
| Carrying amount at January 1, 2023 | \$ 53,386 | \$1,263,803 | \$ 68,329 | \$1,385,518 |
| <u>Cost</u> | | | | |
| Balance at January 1, 2023 | \$ 53,386 | \$1,674,171 | \$ 77,392 | \$1,804,949 |
| Transferred from property, plant and equipment | - | 976 | - | 976 |
| Transferred to non-current assets held for sale | - | (246,392) | (4,059) | (250,451) |
| Effects of foreign currency exchange differences | (2,508) | 27,494 | 1,494 | 26,480 |
| Balance at September 30, 2023 | \$ 50,878 | \$1,456,249 | \$ 74,827 | \$1,581,954 |
| <u>Accumulated depreciation and impairment</u> | | | | |
| Balance at January 1, 2023 | \$ - | \$ 410,368 | \$ 9,063 | \$ 419,431 |
| Depreciation | - | 42,199 | 1,693 | 43,892 |
| Transferred to non-current assets held for sale | - | (161,865) | (546) | (162,411) |
| Effect of foreign currency exchange differences | - | 7,450 | 214 | 7,664 |
| Balance at September 30, 2023 | \$ - | \$ 298,152 | \$ 10,424 | \$ 308,576 |
| Carrying amount at September 30, 2023 | \$ 50,878 | \$1,158,097 | \$ 64,403 | \$1,273,378 |

For the Nine Months Ended September 30, 2022

| | Land | Buildings | Right-of-use Assets | Total |
|--|-------------|------------------|--------------------------------|--------------|
| Carrying amount at January 1, 2022 | \$ 54,640 | \$1,196,546 | \$ 65,992 | \$1,317,178 |
| <u>Cost</u> | | | | |
| Balance at January 1, 2022 | \$ 54,640 | \$1,413,962 | \$ 72,359 | \$1,540,961 |
| Additions | - | 521 | - | 521 |
| Transferred from property, plant and equipment | - | 245,590 | - | 245,590 |
| Transferred from right-of-use assets | - | - | 4,041 | 4,041 |
| Effects of foreign currency exchange differences | (3,096) | 38,142 | 2,277 | 37,323 |
| Balance at September 30, 2022 | \$ 51,544 | \$1,698,215 | \$ 78,677 | \$1,828,436 |
| <u>Accumulated depreciation and impairment</u> | | | | |
| Balance at January 1, 2022 | \$ - | \$ 217,416 | \$ 6,367 | \$ 223,783 |
| Depreciation | - | 34,100 | 1,631 | 35,731 |
| Transferred from property, plant and equipment | - | 144,514 | - | 144,514 |
| Transferred from right-of-use assets | - | - | 419 | 419 |
| Effect of foreign currency exchange differences | - | 5,800 | 221 | 6,021 |
| Balance at September 30, 2022 | \$ - | \$ 401,830 | \$ 8,638 | \$ 410,468 |
| Carrying amount at September 30, 2022 | \$ 51,544 | \$1,296,385 | \$ 70,039 | \$1,417,968 |

The investment properties were leased for terms of 2 to 15 years.

The maturity analysis of lease payments receivable under operating leases of investment properties is as follows:

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|----------------|-------------------------------|------------------------------|-------------------------------|
| Year 1 | \$ 194,633 | \$ 221,459 | \$ 153,993 |
| Year 2 | 112,375 | 119,073 | 134,285 |
| Year 3 | 116,096 | 89,741 | 90,295 |
| Year 4 | 115,701 | 94,122 | 95,219 |
| Year 5 | 113,103 | 92,664 | 94,681 |
| Year 6 onwards | 167,103 | 215,360 | 242,364 |
| | <u>\$ 819,011</u> | <u>\$ 832,419</u> | <u>\$ 810,837</u> |

The fair value of the major of the subsidiaries' right-of-use assets and buildings located in China was evaluated by independent appraisers, while the rest were evaluated by the Company and its subsidiaries using the income approach and by reference to market evidence of transaction prices for similar properties. The Company and its subsidiaries measured the fair value by using the Level 3 approach. The fair values were as follows:

| | | | |
|------------|-------------------------------|------------------------------|-------------------------------|
| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
| Fair value | <u>\$ 3,145,453</u> | <u>\$ 3,373,691</u> | <u>\$ 3,423,515</u> |

The following items of investment properties are depreciated on a straight-line basis over their useful lives as follows:

| | |
|---------------------|-------------|
| Buildings | 20-50 years |
| Right-of-use assets | 34-36 years |

Operating income and expenses directly related to investment properties

| | | | | |
|--|--|------------------|---|-------------------|
| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
| | 2023 | 2022 | 2023 | 2022 |
| Rental income | <u>\$ 68,380</u> | <u>\$ 73,745</u> | <u>\$ 193,111</u> | <u>\$ 217,654</u> |
| Operating expenses directly related to investment properties | <u>\$ 19,450</u> | <u>\$ 33,746</u> | <u>\$ 69,268</u> | <u>\$ 96,374</u> |

18. INTANGIBLE ASSETS

For the Nine Months Ended September 30, 2023

| | Goodwill | Expertise | Customer Relationships | Computer Software | Others | Total |
|--|------------------|------------------|-------------------------------|--------------------------|------------------|------------------|
| Carrying amount at January 1, 2023 | <u>\$ 32,713</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$206,659</u> | <u>\$ 9,458</u> | <u>\$248,830</u> |
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2023 | \$ 69,713 | \$127,513 | \$104,038 | \$253,775 | \$105,183 | \$660,222 |
| Additions | - | - | - | 1,270 | 1,334 | 2,604 |
| Transferred to non-current assets held for sale | - | - | - | - | (795) | (795) |
| Effects of foreign currency exchange differences | (2,281) | - | - | 14 | 11,088 | 8,821 |
| Balance at September 30, 2023 | <u>\$ 67,432</u> | <u>\$127,513</u> | <u>\$104,038</u> | <u>\$255,059</u> | <u>\$116,810</u> | <u>\$670,852</u> |
| <u>Accumulated amortization and impairment</u> | | | | | | |
| Balance at January 1, 2023 | \$ 37,000 | \$127,513 | \$104,038 | \$ 47,116 | \$ 95,725 | \$411,392 |
| Amortization expense | - | - | - | 12,197 | 2,376 | 14,573 |
| Transferred to non-current assets held for sale | - | - | - | - | (599) | (599) |
| Effects of foreign currency exchange differences | - | - | - | 2 | 11,096 | 11,098 |
| Balance at September 30, 2023 | <u>\$ 37,000</u> | <u>\$127,513</u> | <u>\$104,038</u> | <u>\$ 59,315</u> | <u>\$108,598</u> | <u>\$436,464</u> |
| Carrying amount at September 30, 2023 | <u>\$ 30,432</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$195,744</u> | <u>\$ 8,212</u> | <u>\$234,388</u> |

For the Nine Months Ended September 30, 2022

| | Goodwill | Expertise | Customer Relationships | Computer Software | Others | Total |
|--|-----------|-----------|------------------------|-------------------|-----------|-----------|
| Carrying amount at January 1, 2022 | \$ 33,853 | \$ - | \$ - | \$216,119 | \$ 11,470 | \$261,442 |
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2022 | \$ 70,853 | \$127,513 | \$104,038 | \$246,968 | \$ 91,567 | \$640,939 |
| Additions | - | - | - | 5,723 | 2,289 | 8,012 |
| Disposals | - | - | - | - | (1,493) | (1,493) |
| Effects of foreign currency exchange differences | (2,815) | - | - | 10 | (6,865) | (9,670) |
| Balance at September 30, 2022 | \$ 68,038 | \$127,513 | \$104,038 | \$252,701 | \$ 85,498 | \$637,788 |
| <u>Accumulated amortization and impairment</u> | | | | | | |
| Balance at January 1, 2022 | \$ 37,000 | \$127,513 | \$104,038 | \$ 30,849 | \$ 80,097 | \$379,497 |
| Amortization expense | - | - | - | 12,079 | 3,497 | 15,576 |
| Disposals | - | - | - | - | (1,493) | (1,493) |
| Effects of foreign currency exchange differences | - | - | - | - | (6,866) | (6,866) |
| Balance at September 30, 2022 | \$ 37,000 | \$127,513 | \$104,038 | \$ 42,928 | \$ 75,235 | \$386,714 |
| Carrying amount at September 30, 2022 | \$ 31,038 | \$ - | \$ - | \$209,773 | \$ 10,263 | \$251,074 |

The Company and its subsidiaries will test the recoverable amount of goodwill at the end of the annual financial reporting period.

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|-------------------------|------------|
| Expertise | 9 years |
| Customer relationships | 7 years |
| Computer software | 2-20 years |
| Other intangible assets | 3-20 years |

19. FINANCE LEASE RECEIVABLES

The lease period of the Company and its subsidiaries' lease contracts for both renovation works and machinery and equipment is ten-year, and the implicit interest rate range of the leases is 4.82%-6.23%. The Company and its subsidiaries entered into a lease agreement with an associate Allnex - Eternal Resins (Guangdong) Co., Ltd. for the leasing out of machinery and equipment for ten years, and the implicit interest rate in the lease was 6.23%. This agreement was deemed as a sale agreement. The gain on disposal will be deferred and subsequently recognized as profit over the lease term. As of September 30, 2023, December 31, 2022 and September 30, 2022, the balance of finance lease receivables generated from the aforementioned transactions was \$9,593 thousand, \$19,282 thousand, and \$19,286 thousand, respectively.

The Company and its subsidiaries measured the loss allowance of the finance lease receivables based on lifetime expected credit losses. As of September 30, 2023, December 31, 2022 and September 30, 2022, no loss allowance was recognized.

The composition of finance lease receivables (including related parties) is as follows:

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|--|-------------------------------|------------------------------|-------------------------------|
| Undiscounted lease payments | | | |
| Year 1 | \$ 18,983 | \$ 27,016 | \$ 26,986 |
| Year 2 | 19,367 | 19,000 | 19,411 |
| Year 3 | 19,271 | 18,906 | 19,316 |
| Year 4 | 19,175 | 18,812 | 19,220 |
| Year 5 | 19,079 | 18,718 | 19,124 |
| Year 6 onwards | 26,861 | 42,202 | 45,819 |
| | <u>122,736</u> | <u>144,654</u> | <u>149,876</u> |
| Less: Unearned financial income | (17,600) | (21,821) | (23,360) |
| Finance lease receivable (recorded as other non-current assets - others) | <u>\$ 105,136</u> | <u>\$ 122,833</u> | <u>\$ 126,516</u> |

20. BORROWINGS

a. Short-term borrowings

| Type of Borrowings | Interest Rate Range (%) | Amount |
|---------------------------|------------------------------------|---------------------|
| September 30, 2023 | | |
| Mortgage secured loans | 1.05~2.54 | \$ 219,496 |
| Unsecured loans | 0.58~6.14 | 4,258,908 |
| Purchase loans | 6.36~6.59 | 242,968 |
| Secured loans | 3.95~4.62 | <u>1,553,324</u> |
| | | <u>\$ 6,274,696</u> |
| December 31, 2022 | | |
| Mortgage secured loans | 1.00~2.91 | \$ 500,615 |
| Unsecured loans | 0.58~5.29 | 2,981,498 |
| Purchase loans | 4.39~6.13 | 146,819 |
| Secured loans | 1.60~5.55 | <u>1,735,126</u> |
| | | <u>\$ 5,364,058</u> |
| September 30, 2022 | | |
| Mortgage secured loans | 0.57~2.93 | \$ 1,033,176 |
| Unsecured loans | 0.58~4.13 | 4,896,211 |
| Purchase loans | 2.50~5.10 | 293,656 |
| Secured loans | 1.10~4.10 | <u>1,687,545</u> |
| | | <u>\$ 7,910,588</u> |

b. Long-term borrowings

| Type of Borrowings | Agreement Period and Interest Payable Schedule | Interest Rate Range (%) | Amount |
|---|---|----------------------------|----------------------------|
| September 30, 2023 | | | |
| Mortgage secured loans | From December 17, 2010 to December 31, 2025. Interest is paid based on schedule. | 0.86~1.75 | \$ 28,777 |
| Secured loans | From November 25, 2020 to June 30, 2028. Interest is paid based on schedule. | 3.40~6.53 | 1,483,343 |
| Unsecured loans | From October 2, 2017 to August 18, 2026. Interest is paid based on schedule. | 1.05~3.33 | 9,234,178 |
| | | | <hr/> 10,746,298 |
| Less: Current portion of long-term borrowings | | | (687,135) |
| | | | <hr/> <u>\$ 10,059,163</u> |
| December 31, 2022 | | | |
| Mortgage secured loans | From December 17, 2010 to December 31, 2025. Interest is paid based on schedule. | 0.86~1.75 | \$ 37,770 |
| Secured loans | From November 25, 2020 to November 25, 2025. Interest is paid based on schedule. | 5.48~6.01 | 1,305,175 |
| Unsecured loans | From October 2, 2017 to November 23, 2025. Interest is paid based on schedule. | 1.03~3.43 | 10,190,528 |
| | | | <hr/> 11,533,473 |
| Less: Current portion of long-term borrowings | | | (3,039,531) |
| | | | <hr/> <u>\$ 8,493,942</u> |

| Type of Borrowings | Agreement Period and Interest Payable Schedule | Interest Rate Range (%) | Amount |
|---|--|--------------------------------|---------------|
| September 30, 2022 | | | |
| Mortgage secured loans | From December 17, 2010 to December 31, 2025. Interest is paid based on schedule. | 0.86~1.75 | \$ 38,491 |
| Secured loans | From November 25, 2020 to November 25, 2025. Interest is paid based on schedule. | 3.93 | 1,322,812 |
| Unsecured loans | From October 2, 2017 to September 16, 2025. Interest is paid based on schedule. | 1.04~3.43 | 9,486,968 |
| | | | 10,848,271 |
| Less: Current portion of long-term borrowings | | | (4,297,159) |
| | | | \$ 6,551,112 |

c. Facility agreements and financial covenants

- 1) During the period of the credit facility agreements, the Company and its subsidiaries made agreements with the creditors that the current ratio, liability ratio, interest coverage ratio and net tangible assets of the consolidated financial statements will be maintained within a certain specified ratio or amount and reviewed at least once a year. If the Company or its subsidiaries breach these clauses, the bank and syndicated banks can cancel the credit line or declare that part or all of the loan together with accrued interest immediately due. The Company and its subsidiaries were in compliance with the syndicated credit facility agreements based on the consolidated financial statements for the years ended December 31, 2022 and 2021.
- 2) As of September 30, 2023, the Company and its subsidiaries utilized the credits under signed facility agreements of the following banks.

| Bank | Currency | Credit line |
|--|-----------------|--------------------|
| HSBC Bank (Taiwan) Limited | NTD | \$ 900,000 |
| CTBC Bank Co., Ltd. | NTD | 300,000 |
| Far Eastern International Bank Co., Ltd. | NTD | 800,000 |

- 3) As of September 30, 2023, the Company and its subsidiaries executed syndicated credit facility agreements with the following banks:

In November, 2020, the subsidiary entered into a syndicated credit facility agreement with five banks led by Taipei Fubon Commercial Bank Co., Ltd. for a USD \$50,000 thousand credit line; the proceeds are for expanding medium-term working capital and increase subsidiaries' capital to repay the existing liabilities.

- 4) Refer to Note 32 for the assets pledged as collateral for bank borrowings of the Company and its subsidiaries.

d. Bonds Payable

| | <u>September 30, 2023</u> | <u>December 31, 2022</u> | <u>September 30, 2022</u> |
|--|-------------------------------|------------------------------|-------------------------------|
| 5 year secured bonds - issued at par value Issued in November 2019; interest rate at 0.82%; principal repayable at maturity and interest payable annually | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 |
| Less: Issuance cost | (1,337) | (2,240) | (2,543) |
| | <u>2,998,663</u> | <u>2,997,760</u> | <u>2,997,457</u> |
| 5 year secured bonds - issued at par value Issued in August 2021; interest rate at 0.58%; principal repayable at maturity and interest payable annually | 2,500,000 | 2,500,000 | 2,500,000 |
| Less: Issuance cost | (3,060) | (3,839) | (4,178) |
| | <u>2,496,940</u> | <u>2,496,161</u> | <u>2,495,822</u> |
| | <u>\$ 5,495,603</u> | <u>\$ 5,493,921</u> | <u>\$ 5,493,279</u> |

In October 2019, the Company entered into a syndicated guarantee facility agreement with four banks led by the Bank of Taiwan for a NT\$3,024,600 thousand credit line; the proceeds are for the repayment of existing borrowings.

In July 2021, the Company entered into a syndicated credit facility agreement with nine banks including E.SUN Commercial Bank, Ltd. and the Bank of Taiwan for a NT\$6,660,000 thousand credit line; the proceeds are for the repayment of bank borrowings and the expansion of medium-term working capital.

21. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2023 and 2022, and the nine months ended September 30, 2023 and 2022, the pension expenses of defined benefit plans were \$7,192 thousand, \$22,985 thousand, \$22,403 thousand and \$69,318 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021, respectively.

22. EQUITY

a. Share capital

| | <u>September 30, 2023</u> | <u>December 31, 2022</u> | <u>September 30, 2022</u> |
|---|-------------------------------|------------------------------|-------------------------------|
| Number of shares authorized (in thousands) | 1,800,000 | 1,800,000 | 1,800,000 |
| Shares authorized | <u>\$18,000,000</u> | <u>\$18,000,000</u> | <u>\$18,000,000</u> |
| Number of shares issued and fully paid (in thousands) | 1,178,266 | 1,178,266 | 1,178,266 |
| Shares issued | <u>\$11,782,655</u> | <u>\$11,782,655</u> | <u>\$11,782,655</u> |

To adjust the capital structure and enhance the return on equity, the Company resolved to implement a capital reduction by cash refund in the shareholders' meeting in June 2022. The capital reduction percentage is 5%. The capital reduction amount was \$620,140 thousand, which cancels 62,014 thousand shares. The capital reduction reference date was August 5, 2022. After the capital reduction, the Company's paid-in capital was \$11,782,655 thousand.

b. Capital surplus

| | <u>September 30, 2023</u> | <u>December 31, 2022</u> | <u>September 30, 2022</u> |
|---|-------------------------------|------------------------------|-------------------------------|
| May be used to offset deficit, distributed as cash or transferred to share capital (Note) | | | |
| Additional paid-in capital | \$ 309,017 | \$ 309,017 | \$ 309,017 |
| Treasury share transactions | 19,642 | 19,642 | 19,642 |
| Difference between the consideration received or paid and the carrying amount of the subsidiaries during actual disposal or acquisition | 12,872 | 12,872 | 12,872 |
| | <u>341,531</u> | <u>341,531</u> | <u>341,531</u> |
| May be used to offset deficit only | | | |
| Share of change in equities of associates or joint ventures | 27,357 | 27,357 | 27,357 |
| Others | 58 | 58 | 58 |
| | <u>27,415</u> | <u>27,415</u> | <u>27,415</u> |
| May not be used for any purpose | | | |
| Share of change in equities of associates or joint ventures | 3,326 | - | - |
| | <u>\$ 372,272</u> | <u>\$ 368,946</u> | <u>\$ 368,946</u> |

Note: The capital surplus could be used to offset a deficit, or distributed as cash dividends or transferred to capital when the Company has no deficit (limited to a certain percentage of the Company's paid-in capital per year).

c. Retained earnings and dividend policy

The Company's Articles stipulate that annual profit should be utilized in the following order:

- 1) Payment of income tax.
- 2) Offset accumulated deficit.
- 3) Appropriate as legal reserve 10% of the remaining profit, until the accumulated legal reserve equals the paid-in capital.
- 4) Setting aside or reversing a special reserve in accordance with the shareholders' meeting or as requested by the authorities.
- 5) The remainder along with the unappropriated earnings are considered as distributable earnings. In accordance with dividend policy, the proposal of earnings appropriation is prepared by the board of directors and resolved in the shareholders' meeting.

The Company explicitly stipulates in the Articles of Incorporation to authorize the distributable dividends and bonuses in accordance with Article 240 of Company Act, or the legal reserve and capital surplus stipulated in Paragraph 1 of Article 241 of Company Act, in whole or in part may be paid in cash after a resolution has been approved by more than half of the directors with the attendance of more than two-thirds of the total number of directors, and a report of such distribution shall be submitted to the shareholders' meeting.

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's fully paid share capital, the excess may be transferred to capital or distributed in cash.

As the Company elected to use the exemptions in IFRS 1, \$426,930 thousand was set aside as special reserve. However, as some of the previously disclosed assets were disposed of in September 2021, \$645 thousand was reversed from the special reserve. Therefore, as of September 30, 2023, December 31, 2022 and September 30, 2022, the special reserve were \$426,285 thousand.

The appropriations of earnings for 2022 and 2021 were as follows:

| | For the Year Ended December, 31 | | | |
|---------------------------|--|-------------|-----------------------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| | Appropriations of Earnings | | Dividends Per Share (NT\$) | |
| Legal reserve | \$ 279,764 | \$ 366,497 | | |
| Special reserve(reversed) | (204,218) | 399,944 | | |
| Cash dividends | 1,413,919 | 1,860,419 | \$ 1.2 | \$ 1.5 |

The above appropriation for cash dividends of 2022 had been resolved by the Company's board of directors in March 2023. The others had been approved in the shareholders' meeting in June 2023. The appropriations of earnings for 2021 had been approved in the shareholders' meeting in June 2022.

d. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

| | For the Nine Months Ended September 30 | |
|--|---|----------------|
| | 2023 | 2022 |
| Balance, beginning of the period | (\$ 1,335,011) | (\$ 1,781,848) |
| Recognized for the period | | |
| Exchange differences on translation of the financial statements of foreign operations | 453,122 | 816,332 |
| Share of exchange differences of associates and joint ventures accounted for using the equity method | 35,659 | 69,592 |
| Balance, end of the period | (\$ 846,230) | (\$ 895,924) |

Exchange differences on the translation of the financial statements of foreign operations arose mainly due to the impact of the exchange rate fluctuations of the RMB to the NTD on the subsidiaries which the Company and its subsidiaries invested in mainland China.

2) Unrealized gains and losses on financial assets at FVTOCI

| | For the Nine Months Ended September 30 | |
|--|---|-------------------|
| | 2023 | 2022 |
| Balance, beginning of the period | \$ 357,410 | \$ 600,029 |
| Recognized for the period | | |
| Unrealized gains and losses - equity instruments | 121,889 | (291,254) |
| Balance, end of the period | <u>\$ 479,299</u> | <u>\$ 308,775</u> |

e. Non-controlling interests

| | For the Nine Months Ended September 30 | |
|---|---|-------------------|
| | 2023 | 2022 |
| Balance, beginning of the period | \$ 310,936 | \$ 427,749 |
| Share of net profit(loss) for the period | (10,226) | 5,871 |
| Other comprehensive income or loss for the period | | |
| Exchange differences on translation of the financial statements of foreign operations | (10,345) | (14,371) |
| Dividends distributed by subsidiaries | (3,313) | (18,152) |
| Disposal of subsidiaries (Note 27) | - | (127,529) |
| Balance, end of the period | <u>\$ 287,052</u> | <u>\$ 273,568</u> |

23. REVENUE

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------------------------------|--|---------------------|---|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Revenue from contracts with customers | | | | |
| Revenue from the sale of goods | \$11,194,284 | \$11,623,383 | \$31,485,724 | \$37,033,245 |
| Lease revenue | 73,241 | 71,119 | 207,002 | 209,860 |
| | <u>\$11,267,525</u> | <u>\$11,694,502</u> | <u>\$31,692,726</u> | <u>\$37,243,105</u> |

Contract balances

| | September 30, 2023 | December 31, 2022 | September 30, 2022 | January 1, 2022 |
|---|-------------------------------|------------------------------|-------------------------------|----------------------------|
| Notes and accounts receivable | <u>\$16,670,576</u> | <u>\$17,132,279</u> | <u>\$17,883,720</u> | <u>\$20,071,472</u> |
| Contract liabilities (recorded as other current liabilities - others) | | | | |
| Sale of goods | <u>\$ 778,011</u> | <u>\$ 444,225</u> | <u>\$ 645,901</u> | <u>\$ 181,963</u> |

The changes in the balance of contract liabilities resulted primarily from the difference in timing between the satisfaction of performance obligations and customer payment.

Revenue of the reporting period recognized from the balance of contract liabilities at the beginning of the year is as follows:

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|-------------|---|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| From the balance of contract liabilities at the beginning of the period | | | | |
| Sale of goods | \$ 41,137 | \$ 30,064 | \$ 260,592 | \$ 174,074 |

24. PROFIT BEFORE INCOME TAX

a. Interest income

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------------------|--|------------------|---|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Interest on bank deposits | \$ 29,351 | \$ 25,427 | \$ 79,600 | \$ 60,969 |
| Others | 1,829 | 4,219 | 9,527 | 12,777 |
| | <u>\$ 31,180</u> | <u>\$ 29,646</u> | <u>\$ 89,127</u> | <u>\$ 73,746</u> |

b. Other income

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-----------------|--|------------------|---|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Dividend income | \$ - | \$120,032 | \$ 13,013 | \$120,032 |
| Others | 69,111 | 42,849 | 194,684 | 157,785 |
| | <u>\$ 69,111</u> | <u>\$162,881</u> | <u>\$207,697</u> | <u>\$277,817</u> |

c. Other gains and losses

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|------------------|---|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Loss on disposal and retirement of property, plant and equipment | (\$ 613) | (\$ 3,654) | (\$ 5,939) | (\$ 15,408) |
| Gain on disposal of investments (Note 14) | - | - | 2,547 | - |
| Gain on financial assets | | | | |
| Financial assets at FVTPL | 483 | 825 | 3,867 | 123 |
| Reversal of impairment loss on non-financial assets | | | | |
| Non-current assets held for sale | - | - | - | 8,759 |
| Finance fees | (11,911) | (13,354) | (35,214) | (39,617) |
| Net foreign exchange gains and losses | 38,726 | 48,999 | 41,242 | 118,657 |
| Others | (10,662) | (5,046) | (30,852) | (53,401) |
| | <u>\$ 16,023</u> | <u>\$ 27,770</u> | <u>(\$ 24,349)</u> | <u>\$ 19,113</u> |

d. Finance costs

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|------------------|---|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Interest expense | | | | |
| Interest on loans | \$128,352 | \$104,358 | \$356,577 | \$260,802 |
| Interest on lease liabilities | 715 | 607 | 1,702 | 1,838 |
| Less: Amounts included in the cost of qualifying assets | (7,965) | (4,844) | (20,351) | (10,585) |
| | <u>\$121,102</u> | <u>\$100,121</u> | <u>\$337,928</u> | <u>\$252,055</u> |

Information about capitalized interest was as follows:

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-----------------------------|--|-----------------|---|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Capitalized interest amount | <u>\$ 7,965</u> | <u>\$ 4,844</u> | <u>\$ 20,351</u> | <u>\$ 10,585</u> |
| Capitalization rates (%) | 1.91~3.40 | 1.42~3.78 | 1.60~3.40 | 0.94~3.78 |

e. Depreciation and amortization

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--------------------------------------|--|-------------------|---|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Property, plant and equipment | \$ 469,115 | \$ 467,470 | \$1,429,724 | \$1,434,182 |
| Investment properties | 14,484 | 13,509 | 43,892 | 35,731 |
| Right-of-use assets | 28,421 | 29,093 | 83,069 | 84,356 |
| Intangible assets | 4,517 | 5,190 | 14,573 | 15,576 |
| Other non-current assets - others | 335 | 345 | 946 | 1,602 |
| Non-current assets held for sale | - | - | - | 3,681 |
| | <u>\$ 516,872</u> | <u>\$ 515,607</u> | <u>\$1,572,204</u> | <u>\$1,575,128</u> |
| Analysis of depreciation by function | | | | |
| Operating costs | \$ 393,483 | \$ 389,792 | \$1,200,565 | \$1,205,801 |
| Operating expenses | 118,537 | 120,280 | 356,120 | 352,040 |
| | <u>\$ 512,020</u> | <u>\$ 510,072</u> | <u>\$1,556,685</u> | <u>\$1,557,841</u> |
| Analysis of amortization by function | | | | |
| Operating costs | \$ 341 | \$ 266 | \$ 1,114 | \$ 1,149 |
| Operating expenses | 4,511 | 5,269 | 14,405 | 16,138 |
| | <u>\$ 4,852</u> | <u>\$ 5,535</u> | <u>\$ 15,519</u> | <u>\$ 17,287</u> |

f. Employee benefits

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------------------------|--|--------------------|---|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Short-term employee benefits | | | | |
| Salaries | \$ 930,840 | \$ 938,860 | \$2,912,567 | \$2,988,177 |
| Labor and health insurance | 86,848 | 85,846 | 258,679 | 256,004 |
| Others | 89,582 | 81,614 | 259,657 | 258,101 |
| | <u>1,107,270</u> | <u>1,106,320</u> | <u>3,430,903</u> | <u>3,502,282</u> |
| Post-employment benefits | | | | |
| Defined contribution plans | 62,343 | 61,855 | 191,520 | 183,926 |
| Defined benefit plans (Note 21) | 7,192 | 22,985 | 22,403 | 69,318 |
| | <u>69,535</u> | <u>84,840</u> | <u>213,923</u> | <u>253,244</u> |
| | <u>\$1,176,805</u> | <u>\$1,191,160</u> | <u>\$3,644,826</u> | <u>\$3,755,526</u> |
| Analysis by function | | | | |
| Operating costs | \$ 545,222 | \$ 537,331 | \$1,638,004 | \$1,654,323 |
| Operating expenses | 631,583 | 653,829 | 2,006,822 | 2,101,203 |
| | <u>\$1,176,805</u> | <u>\$1,191,160</u> | <u>\$3,644,826</u> | <u>\$3,755,526</u> |

g. Compensation of employees and remuneration of directors

The Company distributed the compensation of employees and remuneration of directors at rates of 4.5% (inclusive)-5.5% and no higher than 1%, respectively, of pre-tax profit prior to the deduction of the compensation of employees and remuneration of directors. The accrual amounts of compensation of employees and remuneration of directors are as follows:

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------------------|--|------------------|---|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Compensation of employees | <u>\$ 36,000</u> | <u>\$ 17,000</u> | <u>\$ 61,000</u> | <u>\$120,000</u> |
| Remuneration of directors | <u>\$ 5,000</u> | <u>\$ 2,000</u> | <u>\$ 8,500</u> | <u>\$ 16,300</u> |

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and will be adjusted in the next year.

The compensation of employees and remuneration of directors (all in cash) approved by the Company's board of directors in March 2023 and 2022, and accrual amounts recognized in the consolidated financial statements were as follows:

| | For the Year Ended December 31 | | | |
|--|---------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | 2022 | | 2021 | |
| | Compensation of employees | Remuneration of Directors | Compensation of employees | Remuneration of Directors |
| Amounts approved in the board of directors' meeting | \$127,083 | \$ 18,356 | \$176,559 | \$ 25,503 |
| Amounts recognized in the financial statements | <u>130,000</u> | <u>18,250</u> | <u>177,500</u> | <u>24,890</u> |
| Differences | <u>(\$ 2,917)</u> | <u>\$ 106</u> | <u>(\$ 941)</u> | <u>\$ 613</u> |

The above differences for 2022 and 2021 were adjusted to profit and loss in 2023 and 2022, respectively.

Information on the compensation of employees and remuneration of directors approved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX

- a. Income tax expense (benefit) recognized in profit or loss

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--------------|--|------------------|---|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Current tax | \$194,670 | \$344,185 | \$326,999 |
| Deferred tax | 61,796 | (189,891) | 187,133 | (301,842) |
| | <u>\$256,466</u> | <u>\$154,294</u> | <u>\$514,132</u> | <u>\$656,302</u> |

- b. Income tax expense (benefit) recognized directly in equity

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|-------------|---|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Current tax | | | |
| Disposal of investments in equity instruments at FVTOCI | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>(\$ 3,206)</u> |

- c. Income tax expense (benefit) recognized in other comprehensive income

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|---------------|---|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Deferred tax | | | |
| Recognized in the current period | | | | |
| Unrealized gains and losses on financial assets at fair value through other comprehensive income | <u>\$ 552</u> | <u>\$ 353</u> | <u>(\$ 3,486)</u> | <u>(\$ 966)</u> |

d. Income tax assessment

The Company's income tax returns as of 2021 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|----------------------------|--|-------------|---|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Basic earnings per share | \$ 0.51 | \$ 0.41 | \$ 0.93 | \$ 1.85 |
| Diluted earnings per share | \$ 0.51 | \$ 0.41 | \$ 0.93 | \$ 1.84 |

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the period

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|-------------|---|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net profit for the period attributable to owners of the Company | \$ 600,193 | \$ 487,786 | \$ 1,094,761 | \$ 2,267,299 |

Number of ordinary shares

Unit: Thousand Shares

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|-------------|---|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Weighted average number of ordinary shares used in the computation of basic earnings per share | 1,178,266 | 1,201,858 | 1,178,266 | 1,227,331 |
| Effect of potentially dilutive ordinary shares | | | | |
| Compensation of employees | 2,152 | 561 | 3,126 | 5,175 |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | 1,180,418 | 1,202,419 | 1,181,392 | 1,232,506 |

Since the Company is allowed to settle the compensation paid to employees by cash or shares, the Company assumed that the entire amount of the compensation will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees in the meeting in the following year.

27. DISPOSAL OF SUBSIDIARIES

In August 2021, the Company's board of directors had approved the disposal of the entire ownership of the subsidiary Eternal Sun A. (Suzhou) Co., Ltd. held by its subsidiary Eternal (China) Investment Co., Ltd., after repaying the borrowings of Eternal Sun A. (Suzhou) Co., Ltd. from related parties. The repayment was

completed in December 2021, and the assets and liabilities attributable to the subsidiary disposed of were reclassified as disposal groups held for sale. The disposal was completed in February 2022 and then the control of the subsidiary was lost.

a. Consideration received

| | Amount |
|-------------------------------------|---------------|
| Total consideration received - cash | \$ 203,199 |

b. Analysis of assets and liabilities on the date control was lost

| | Amount |
|---------------------------------|---------------|
| Current assets | |
| Cash and cash equivalents | \$ 21,456 |
| Other receivables | 73,148 |
| Inventory | 46,338 |
| Other current assets - others | 1,093 |
| Non-current assets | |
| Property, plant and equipment | 194,340 |
| Intangible assets | 12,089 |
| Other non-current assets-others | 21,475 |
| Current liabilities | |
| Payables | (1,823) |
| Net assets disposed of | \$ 368,116 |

c. Gain and loss on disposal of subsidiaries

| | Amount |
|---|---------------|
| Consideration received | \$ 203,199 |
| Unearned finance income | (13,408) |
| Net assets disposed of | (368,116) |
| Non-controlling interests | 127,529 |
| Transaction cost | (102) |
| Accumulated impairment - non-current assets held for sale | 49,813 |
| Effects of foreign currency exchange difference | 1,085 |
| Gain or Loss on disposal of subsidiaries | \$ - |

d. Net cash inflow on disposals of subsidiaries

| | Amount |
|---|---------------|
| Consideration received in cash and cash equivalents | \$ 203,199 |
| Less: Cash and cash equivalents balances on disposal date | (21,456) |
| Less: Receivables (recorded as other receivables and other non-current assets - others) | (152,399) |
| Less: Transaction cost | (102) |
| Net cash inflow on disposals of subsidiaries | \$ 29,242 |

28. CASH FLOW INFORMATION

a. Information on investment activities

| | For the Nine Months Ended September 30 | |
|---|---|---------------------|
| | 2023 | 2022 |
| Acquisition of property, plant and equipment | \$ 2,071,677 | \$ 2,015,326 |
| Decrease in payables for equipment | 158,992 | 85,705 |
| Decrease(Increase) in other non-current liabilities | (160) | 26,515 |
| | <u>2,230,509</u> | <u>2,127,546</u> |
| Capitalized interest | (20,351) | (10,585) |
| Cash paid | <u>\$ 2,210,158</u> | <u>\$ 2,116,961</u> |

b. Changes in major liabilities arising from financing activities

For the Nine Months Ended September 30, 2023

| | January 1, 2023 | Cash Flows | Non-cash Changes | | September 30, 2023 |
|-----------------------|------------------------|-------------------|-------------------------------------|----------------------|-------------------------------|
| | | | Exchange Rate Adjustment | Issuance Cost | |
| Short-term borrowings | \$ 5,364,058 | \$ 899,173 | \$ 11,465 | \$ - | \$ 6,274,696 |
| Long-term borrowings | 11,533,473 | (787,026) | (149) | - | 10,746,298 |
| Bonds payable | 5,493,921 | - | - | 1,682 | 5,495,603 |

For the Nine Months Ended September 30, 2022

| | January 1, 2022 | Cash Flows | Non-cash Changes | | September 30, 2022 |
|-----------------------|------------------------|-------------------|-------------------------------------|----------------------|-------------------------------|
| | | | Exchange Rate Adjustment | Issuance Cost | |
| Short-term borrowings | \$ 4,588,002 | \$ 3,200,696 | \$ 121,890 | \$ - | \$ 7,910,588 |
| Long-term borrowings | 11,339,550 | (652,314) | 161,035 | - | 10,848,271 |
| Bonds payable | 5,491,683 | - | - | 1,596 | 5,493,279 |

29. CAPITAL MANAGEMENT

The Company and its subsidiaries' objectives in capital management are to safeguard the Company and its subsidiaries' ability to continue as a going concern and to provide reasonable returns to shareholders, to maintain an optimal capital structure and to reduce the cost of capital. The Company's capital management policy is to maintain a strong capital base that maintains the confidence of investors, creditors and the market, as well as supports future operations. Capital includes the Company's shares, capital surplus, and retained earnings.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Financial assets and liabilities that are not measured at fair value are of short-term duration and are usually repriced at the current market interest rate. Either their carrying amounts are close to their fair values, or their fair values could not be reliably measured.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|----------------|----------------|----------------|--------------|
| <u>September 30, 2023</u> | | | | |
| Financial instruments at FVTPL | | | | |
| Structured Deposit | \$ - | \$ 80,968 | \$ - | \$ 80,968 |
| Mutual funds | \$ - | \$ - | \$ 9,991 | \$ 9,991 |
| Financial instruments at FVTOCI | | | | |
| Equity instruments | | | | |
| Domestic and foreign listed shares | \$ 625,627 | \$ - | \$ - | \$ 625,627 |
| Domestic and foreign unlisted shares | \$ - | \$ - | \$ 376,204 | \$ 376,204 |
| <u>December 31, 2022</u> | | | | |
| Financial instruments at FVTPL | | | | |
| Mutual funds | \$ - | \$ - | \$ 9,402 | \$ 9,402 |
| Financial instruments at FVTOCI | | | | |
| Equity instruments | | | | |
| Domestic and foreign listed shares | \$ 522,190 | \$ - | \$ - | \$ 522,190 |
| Domestic and foreign unlisted shares | \$ - | \$ - | \$ 300,457 | \$ 300,457 |
| <u>September 30, 2022</u> | | | | |
| Financial instruments at FVTPL | | | | |
| Mutual funds | \$ - | \$ - | \$ 12,160 | \$ 12,160 |
| Financial instruments at FVTOCI | | | | |
| Equity instruments | | | | |
| Domestic and foreign listed shares | \$ 488,823 | \$ - | \$ - | \$ 488,823 |
| Domestic and foreign unlisted shares | \$ - | \$ - | \$ 285,631 | \$ 285,631 |

There was no transfer between Level 1 and Level 2 for the nine months ended September 30, 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the Nine Months Ended September 30, 2023

| Financial assets | Mutual Funds Financial Assets at FVTPL | Stocks Financial Assets at FVTOCI | Total |
|---|---|--|--------------|
| Balance, beginning of the period | \$ 9,402 | \$ 300,457 | \$ 309,859 |
| Additions | - | 50,000 | 50,000 |
| Recognized in profit or loss (recorded as other gains and losses) | 210 | - | 210 |
| Recognized in other comprehensive income | - | 14,966 | 14,966 |
| Disposal | (142) | - | (142) |
| Effects of foreign currency exchange differences | 521 | 10,781 | 11,302 |
| | \$ 9,991 | \$ 376,204 | \$ 386,195 |
| Unrealized other gains and losses for the period | \$ 210 | | \$ 210 |

For the Nine Months Ended September 30, 2022

| Financial assets | Mutual Funds Financial Assets at FVTPL | Stocks Financial Assets at FVTOCI | Total |
|---|---|--|--------------|
| Balance, beginning of the period | \$ 14,968 | \$ 244,219 | \$ 259,187 |
| Recognized in profit or loss (recorded as other gains and losses) | (4,849) | - | (4,849) |
| Recognized in other comprehensive income | - | 8,080 | 8,080 |
| Disposal | - | (1,239) | (1,239) |
| Effects of foreign currency exchange differences | 2,041 | 34,571 | 36,612 |
| | \$ 12,160 | \$ 285,631 | \$ 297,791 |
| Unrealized other gains and losses for the period | (\$ 4,849) | | (\$ 4,849) |

3) Valuation techniques and inputs applied for Level 2 fair value measurement

The fair value of structured time deposits is measured by the future cash flows that are estimated and discounted by the expected yield based on the observable index at the end of period.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of mutual funds was estimated by the net worth of the latest financial statement. Some domestic and foreign unlisted shares' fair values were estimated by the net worth of the latest financial statement, and others were estimated by the market approach and arrived at by reference to the type of industry, similar companies and the company's operations.

c. Categories of financial instruments

| | <u>September 30, 2023</u> | <u>December 31, 2022</u> | <u>September 30, 2022</u> |
|--|-------------------------------|------------------------------|-------------------------------|
| <u>Financial assets</u> | | | |
| Fair value through profit or loss | | | |
| Mandatorily classified as at fair value through profit or loss | \$ 90,959 | \$ 9,402 | \$ 12,160 |
| Financial assets at amortized cost (Note 1) | 25,141,033 | 24,855,755 | 26,582,065 |
| Financial assets at fair value through other comprehensive income - equity instruments | 1,001,831 | 822,647 | 774,454 |
| <u>Financial liabilities</u> | | | |
| Financial liabilities at amortized cost (Note 2) | 30,420,921 | 29,878,791 | 32,016,170 |

Note 1: The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other financial assets - current and non-current (recorded as other non-current assets - others), other receivables, refundable deposits (recorded as other non-current assets - others), and long-term receivables (recorded as other non-current assets - others).

Note 2: The balances included financial liabilities at amortized cost, which comprise short-term borrowings, notes and accounts payable, other payables - others, long-term borrowings (including current portion), bonds payable, guarantee deposits received (recorded as other non-current liabilities).

d. Financial risk management objectives and policies

The financial risk management objectives of the Company and its subsidiaries are mainly to manage the market risk, credit risk and liquidity risk related to operating activities and to verify, measure and manage the financial risks according to the policies. The Company and its subsidiaries have set up policies, procedures and internal controls to manage the risks in their financial activities. The significant financial activities of the Company and its subsidiaries are in accordance with relevant regulations and internal controls approved by the board of directors. During the execution of financial management activities, the Company and its subsidiaries should be in compliance with the relevant rules of financial risk management.

1) Market risk

a) Foreign currency risk

The Company and its subsidiaries' operating activities and net investments in foreign operations are denominated mainly in foreign currencies. Consequently, the Company and its subsidiaries are exposed to foreign currency risk. To protect against reductions in the value of foreign currency assets and against the volatility of future cash flows caused by changes in foreign exchange rates, the Company and its subsidiaries utilize derivative financial instruments, such as foreign exchange forward contracts, or maintain net foreign currency assets and liabilities. Foreign currency risk could be reduced but might not be fully eliminated by these methods.

For the carrying amounts of the Company and its subsidiaries' significant non-functional currency denominated monetary assets and liabilities (including those eliminated on consolidation) at the balance sheet date, refer to Note 35.

Sensitivity analysis

The following table details the sensitivity to a 1% change in the functional currencies against the relevant foreign currencies.

| Foreign Currencies : Functional Currencies | Impact on Profit or Loss | |
|--|----------------------------------|-------------|
| | For the Nine Months Ended | |
| | September 30 | |
| | 2023 | 2022 |
| Financial assets | | |
| Monetary items | | |
| USD:NTD | \$ 25,289 | \$ 33,564 |
| USD:RMB | 6,387 | 8,023 |
| USD:MYR | 4,034 | 4,703 |
| RMB:NTD | 2,878 | 3,196 |
| JPY:NTD | 3,349 | 2,727 |
| THB:NTD | 1,099 | 1,269 |
| EUR:NTD | 1,228 | 111 |
| JPY:RMB | 1,253 | 637 |
| Financial liabilities | | |
| Monetary items | | |
| USD:NTD | 19,357 | 29,237 |
| USD:RMB | 4,382 | 3,500 |
| USD:MYR | 3,332 | 4,880 |
| JPY:NTD | 2,116 | 2,201 |

b) Interest rate risk

The borrowings of the Company and its subsidiaries with fixed interest rates were not exposed to cash flow risk. The borrowings with floating interest rates were exposed to cash flow risk as effective interest rates change.

The carrying amounts of the Company and its subsidiaries' financial assets and financial liabilities with exposure to interest rate risks at the balance sheet dates were as follows:

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|-------------------------------|-------------------------------|------------------------------|-------------------------------|
| Fair value interest rate risk | | | |
| Financial assets | \$2,262,830 | \$3,086,147 | \$3,429,867 |
| Financial liabilities | 5,761,669 | 7,059,677 | 7,668,118 |
| Cash flow interest rate risk | | | |
| Financial assets | 5,388,562 | 3,533,117 | 4,351,077 |
| Financial liabilities | 17,020,994 | 15,547,531 | 16,808,859 |

If interest rates had been 1% higher and all other variables were held constant, the Company and its subsidiaries' financial liabilities would have increased cash outflows by \$170,210 thousand

and \$168,089 thousand at September 30, 2023 and 2022.

c) Other price risk

The Company and its subsidiaries were exposed to equity price risk through their investments in equity securities. If equity prices had been 1% higher/lower, other comprehensive income for the nine months ended September 30, 2023 and 2022 would have increased/decreased by \$6,256 thousand and \$4,888 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refer to the risk of financial loss to the Company and its subsidiaries arising from default by clients or counterparties of financial instruments on the contract obligations. According to the Company and its subsidiaries' policy, each operating entity in the Company and its subsidiaries is responsible for managing and analyzing the credit risk of each of their new clients before standard payment and delivery terms and conditions are offered. The credit quality of the customers is assessed through internal risk control procedures by taking into account their financial position, past experience and other factors, and the Company and its subsidiaries engage in credit enhancement by covering specific outstanding trade receivables by collateral. While the Company and its subsidiaries have procedures to monitor and limit exposure to credit risk on accounts receivable, there can be no assurance that such procedures will effectively limit credit risk and avoid losses. This risk is heightened during periods when economic conditions worsen.

3) Liquidity risk

The Company and its subsidiaries manage its liquidity risk by maintaining adequate cash and cash equivalents, bank borrowings, and so on. The table below summarizes the maturity profile of the Company and its subsidiaries' financial liabilities based on contractual undiscounted payments, including principal and interest.

September 30, 2023

| | Less Than 1 Year | 1-2 Years | 2-3 Years | 3-5 Years | Over 5 Years | Total |
|---|----------------------|---------------------|---------------------|------------------|------------------|----------------------|
| Non-derivative financial liabilities | | | | | | |
| Short-term borrowings | \$ 6,323,704 | \$ - | \$ - | \$ - | \$ - | \$ 6,323,704 |
| Notes payable | 692,639 | - | - | - | - | 692,639 |
| Accounts payable | 5,031,521 | - | - | - | - | 5,031,521 |
| Other payables | 2,086,414 | - | - | - | - | 2,086,414 |
| Lease liabilities | 87,062 | 73,746 | 51,327 | 50,651 | 16,195 | 278,981 |
| Long-term borrowings (including current portion) | 4,223,717 | 3,995,054 | 2,850,630 | 42,108 | - | 11,111,509 |
| Bonds payable | 39,100 | 3,016,859 | 2,513,149 | - | - | 5,569,108 |
| | <u>\$ 18,484,157</u> | <u>\$ 7,085,659</u> | <u>\$ 5,415,106</u> | <u>\$ 92,759</u> | <u>\$ 16,195</u> | <u>\$ 31,093,876</u> |

December 31, 2022

| | Less Than 1 Year | 1-2 Years | 2-3 Years | 3-5 Years | Over 5 Years | Total |
|---|----------------------|---------------------|---------------------|---------------------|------------------|----------------------|
| Non-derivative financial liabilities | | | | | | |
| Short-term borrowings | \$ 5,399,696 | \$ - | \$ - | \$ - | \$ - | \$ 5,399,696 |
| Notes payable | 626,160 | - | - | - | - | 626,160 |
| Accounts payable | 4,553,914 | - | - | - | - | 4,553,914 |
| Other payables | 2,224,447 | - | - | - | - | 2,224,447 |
| Lease liabilities | 77,425 | 54,109 | 43,035 | 47,687 | 19,785 | 242,041 |
| Long-term borrowings (including current portion) | 6,088,769 | 1,514,191 | 4,323,506 | 993 | - | 11,927,459 |
| Bonds payable | 39,100 | 3,035,326 | 14,500 | 2,509,495 | - | 5,598,421 |
| | <u>\$ 19,009,511</u> | <u>\$ 4,603,626</u> | <u>\$ 4,381,041</u> | <u>\$ 2,558,175</u> | <u>\$ 19,785</u> | <u>\$ 30,572,138</u> |

September 30, 2022

| | Less Than 1 Year | 1-2 Years | 2-3 Years | 3-5 Years | Over 5 Years | Total |
|---|----------------------|-------------------|---------------------|---------------------|------------------|----------------------|
| Non-derivative financial liabilities | | | | | | |
| Short-term borrowings | \$ 7,954,356 | \$ - | \$ - | \$ - | \$ - | \$ 7,954,356 |
| Notes payable | 836,236 | - | - | - | - | 836,236 |
| Accounts payable | 4,098,790 | - | - | - | - | 4,098,790 |
| Other payables | 2,735,926 | - | - | - | - | 2,735,926 |
| Lease liabilities | 76,977 | 50,336 | 39,864 | 43,560 | 21,955 | 232,692 |
| Long-term borrowings (including current portion) | 6,255,857 | 793,250 | 3,459,975 | 645,111 | - | 11,154,193 |
| Bonds payable | 39,100 | 39,100 | 3,016,859 | 2,513,149 | - | 5,608,208 |
| | <u>\$ 21,997,242</u> | <u>\$ 882,686</u> | <u>\$ 6,516,698</u> | <u>\$ 3,201,820</u> | <u>\$ 21,955</u> | <u>\$ 32,620,401</u> |

e. Transfers of financial assets

Subsidiaries discounted notes receivable with banks and transferred part of the banker's acceptance bills of receivables from China to vendors for repayment. If above financial assets are not paid at maturity, the bank and vendors have the right to request the subsidiaries to pay the unsettled balance. As the subsidiaries have not transferred the significant risks and rewards relating to these financial assets, they continue to recognize the full carrying amount of the financial assets and have recognized the cash received on the transfer as secured payables or borrowings.

As of September 30, 2023, December 31, 2022 and September 30, 2022, the carrying amount of the accounts receivable that have been transferred but have not been derecognized amounted to \$2,249,282 thousand, \$2,103,197 thousand and \$2,691,489 thousand, respectively, and the carrying amount of the related borrowings and accounts payables were \$2,248,583 thousand, \$2,101,935 thousand and \$2,688,344 thousand, respectively.

31. TRANSACTIONS WITH RELATED PARTIES

Except for the transactions disclosed in other notes, the transactions between the Company and its subsidiaries and other related parties are as follows:

a. Related party names and relationships

| Related Party Name | Relationship |
|---|---|
| Allnex-Eternal Resins Corporation Limited | Associate |
| Allnex-Eternal Resins (Guangdong) Co., Ltd. | Associate |
| Eterkon Semiconductor Materials Co., Ltd. | Associate |
| Daxin Materials Corporation | Associate |
| Resonac New Material (Zhuhai) Co., Ltd. (Original name: Showa Denko New Material (Zhuhai) Co., Ltd.) | Associate |
| Shanghai Dowill Paint Technology Co., Ltd. (Original name: ESCO Specialty Coatings (Shanghai) Co., Ltd.) | Associate (no longer a related party since June 2023) |
| Covestro Eternal Resins (Far East) Ltd. | Associate |
| Covestro Eternal Resins (Kunshan) Ltd. | Associate |
| Mitsubishi Polyester Film Suzhou Co., Ltd. | Other related party |
| Kwang Yang Motor Co., Ltd. | Key management personnel |
| Kao, Ying-Shih | First-degree relative of the chairman of the Company |
| The Orchard Corp. of Taiwan Ltd. | The company whose chairman is second-degree relative of the chairman of the Company |

b. Operating revenue

| Account Item | Related Party Category | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-----------------------------|--------------------------|---|------------------|--|------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Revenue from sales of goods | Associates | \$176,872 | \$175,720 | \$488,467 | \$539,293 |
| | Key management personnel | - | - | - | 4,183 |
| | Other related parties | - | - | - | 102 |
| | | <u>\$176,872</u> | <u>\$175,720</u> | <u>\$488,467</u> | <u>\$543,578</u> |

Sales to related parties were made at prices similar to that of general transactions. The collection terms are 60-150 days from the end of the month.

c. Purchase of goods

| Related Party Category | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|------------------------|---|-----------------|--|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Associates | \$ 182 | \$ 1,124 | \$ 2,223 | \$ 2,484 |
| Other related parties | - | - | - | 2,796 |
| | <u>\$ 182</u> | <u>\$ 1,124</u> | <u>\$ 2,223</u> | <u>\$ 5,280</u> |

Purchases from related parties were made at prices similar to that of general transactions. The payment terms are 30-120 days from the date the goods are received.

d. Other income

| Related Party Category / Name | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|-----------------|--|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Associates | | | | |
| Allnex-Eternal Resins (Guangdong) Co., Ltd. | \$12,454 | \$ 8,993 | \$37,831 | \$26,608 |
| Others | 1,478 | 1,741 | 8,137 | 9,902 |
| Key management personnel | 15 | - | 20 | - |
| | <u>\$13,947</u> | <u>\$10,734</u> | <u>\$45,988</u> | <u>\$36,510</u> |

Inclusive of rental income, service revenue and so on.

e. Receivables from related parties

| Account Item | Related Party Category | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|-------------------------------|------------------------|--------------------|-------------------|--------------------|
| Notes and accounts receivable | Associates | <u>\$234,948</u> | <u>\$232,518</u> | <u>\$271,051</u> |

The receivables arose mainly from sales transactions; the receivables were not guaranteed, pledged and do not bear interest. As of September 30, 2023, December 31, 2022 and September 30, 2022, the balance of loss allowance of accounts receivable from related parties is \$257 thousand, \$149 thousand and \$213 thousand, respectively.

f. Payable to related parties

| <u>Account Item</u> | <u>Related Party Category</u> | <u>September 30, 2023</u> | <u>December 31, 2022</u> | <u>September 30, 2022</u> |
|---------------------|-------------------------------|---------------------------|--------------------------|---------------------------|
| Accounts payable | Associates | \$ 192 | \$ 858 | \$ 161 |

The payables arose mainly from purchase transactions; the payables were not guaranteed and do not bear interest.

g. Loans to related parties

| <u>Account Item</u> | <u>Related Party Category/Name</u> | <u>September 30, 2023</u> | <u>December 31, 2022</u> | <u>September 30, 2022</u> |
|---------------------|--|---------------------------|--------------------------|---------------------------|
| Other receivables | Associates | | | |
| | Shanghai Dowill Paint Technology Co., Ltd. | \$ - | \$160,945 | \$163,618 |
| | Eterkon Semiconductor Materials Co., Ltd. | 107,869 | 105,827 | 107,584 |
| | | <u>\$107,869</u> | <u>\$266,772</u> | <u>\$271,202</u> |

The Company and its subsidiaries provided loans to related parties at rates comparable to market interest rates.

h. Dividends receivable

| <u>Account Item</u> | <u>Related Party Category</u> | <u>September 30, 2023</u> | <u>December 31, 2022</u> | <u>September 30, 2022</u> |
|---------------------|-------------------------------|---------------------------|--------------------------|---------------------------|
| Other receivables | Associates | \$ 30,544 | \$106,612 | \$ - |

i. Compensation of key management personnel

| | <u>For the Three Months Ended September 30</u> | | <u>For the Nine Months Ended September 30</u> | |
|------------------------------|--|-----------------|---|-----------------|
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| Short-term employee benefits | \$22,316 | \$19,749 | \$67,326 | \$91,142 |
| Post-employment benefits | 268 | 1,343 | 802 | 4,029 |
| | <u>\$22,584</u> | <u>\$21,092</u> | <u>\$68,128</u> | <u>\$95,171</u> |

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Company and its subsidiaries' assets mortgaged or pledged as collateral for bank borrowings, discounted notes, supplier payment, customs guarantee and performance guarantee were as follows:

| | <u>September 30, 2023</u> | <u>December 31, 2022</u> | <u>September 30, 2022</u> |
|---|---------------------------|--------------------------|---------------------------|
| Notes receivable | \$ 2,249,282 | \$ 2,103,197 | \$ 2,691,489 |
| Property, plant and equipment | 265,023 | 260,983 | 245,654 |
| Other financial assets – current and non-current (recorded as other non-current assets - others) | | | |
| Time deposit certificates and deposit of escrow account | 18,491 | 34,956 | 20,038 |
| | <u>\$ 2,532,796</u> | <u>\$ 2,399,136</u> | <u>\$ 2,957,181</u> |

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. The Company and its subsidiaries have issued but unused letters of credit with an aggregate amount of \$75,567 thousand as of September 30, 2023.
- b. The Company and its subsidiaries have contracts that were not yet incurred to purchase property, plant and equipment and intangible assets of \$2,020,867 thousand at September 30, 2023.

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and its subsidiaries before elimination and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

| | Foreign Currency (In Thousands) | | Exchange Rate | Carrying Amount |
|--|--|---------|----------------------|----------------------------|
| <u>September 30, 2023</u> | | | | |
| Financial assets | | | | |
| Monetary items | | | | |
| USD | \$ 78,367 | 32.2700 | (USD:NTD) | \$ 2,528,903 |
| USD | 19,793 | 7.1798 | (USD:RMB) | 638,720 |
| USD | 12,501 | 4.7040 | (USD:MYR) | 403,407 |
| RMB | 64,035 | 4.4946 | (RMB:NTD) | 287,809 |
| JPY | 1,548,985 | 0.2162 | (JPY:NTD) | 334,891 |
| THB | 124,534 | 0.8822 | (THB:NTD) | 109,864 |
| EUR | 3,603 | 34.0907 | (EUR:NTD) | 122,829 |
| JPY | 579,623 | 0.0484 | (JPY:RMB) | 125,314 |
| Non-monetary items | | | | |
| Investments accounted for using the equity method | | | | |
| USD | 927,660 | 32.2700 | (USD:NTD) | 29,935,604 |
| RMB | 5,998,134 | 0.1393 | (RMB:USD) | 26,958,912 |
| RMB | 26,243 | 4.4946 | (RMB:NTD) | 117,951 |
| JPY | 7,745,412 | 0.2162 | (JPY:NTD) | 1,674,558 |
| MYR | 241,065 | 0.2126 | (MYR:USD) | 1,653,735 |
| THB | 140,100 | 0.8822 | (THB:NTD) | 123,596 |
| Financial liabilities | | | | |
| Monetary items | | | | |
| USD | 59,985 | 32.2700 | (USD:NTD) | 1,935,716 |
| USD | 13,580 | 7.1798 | (USD:RMB) | 438,227 |
| USD | 10,325 | 4.7040 | (USD:MYR) | 333,188 |
| JPY | 978,922 | 0.2162 | (JPY:NTD) | 211,643 |

(Continued)

| | Foreign Currency (In Thousands) | Exchange Rate | | Carrying Amount |
|--|--|----------------------|-----------|----------------------------|
| <u>December 31, 2022</u> | | | | |
| Financial assets | | | | |
| Monetary items | | | | |
| USD | 92,772 | 30.7100 | (USD:NTD) | 2,849,028 |
| USD | 19,896 | 6.9646 | (USD:RMB) | 611,006 |
| USD | 14,081 | 4.4150 | (USD:MYR) | 432,428 |
| RMB | 92,435 | 4.4094 | (RMB:NTD) | 407,587 |
| JPY | 1,505,154 | 0.2324 | (JPY:NTD) | 349,798 |
| Non-monetary items | | | | |
| Investments accounted for using the equity method | | | | |
| USD | 943,900 | 30.7100 | (USD:NTD) | 28,987,162 |
| RMB | 6,070,811 | 0.1436 | (RMB:USD) | 26,768,876 |
| JPY | 5,309,281 | 0.2324 | (JPY:NTD) | 1,233,877 |
| MYR | 257,590 | 0.2265 | (MYR:USD) | 1,791,753 |
| THB | 147,700 | 0.8941 | (THB:NTD) | 132,059 |
| Financial liabilities | | | | |
| Monetary items | | | | |
| USD | 53,743 | 30.7100 | (USD:NTD) | 1,650,448 |
| USD | 17,703 | 6.9646 | (USD:RMB) | 543,659 |
| USD | 12,298 | 4.4150 | (USD:MYR) | 377,672 |
| JPY | 1,322,849 | 0.2324 | (JPY:NTD) | 307,430 |
| <u>September 30, 2022</u> | | | | |
| Financial assets | | | | |
| Monetary items | | | | |
| USD | 105,300 | 31.8750 | (USD:NTD) | 3,356,438 |
| USD | 25,169 | 7.1107 | (USD:RMB) | 802,262 |
| USD | 14,754 | 4.6150 | (USD:MYR) | 470,284 |
| RMB | 71,307 | 4.4827 | (RMB:NTD) | 319,646 |
| JPY | 1,236,725 | 0.2205 | (JPY:NTD) | 272,698 |
| THB | 151,523 | 0.8377 | (THB:NTD) | 126,931 |
| Non-monetary items | | | | |
| Investments accounted for using the equity method | | | | |
| USD | 925,688 | 31.8750 | (USD:NTD) | 29,506,299 |
| RMB | 6,036,897 | 0.1406 | (RMB:USD) | 27,061,476 |
| JPY | 4,049,215 | 0.2205 | (JPY:NTD) | 892,582 |
| MYR | 220,242 | 0.2167 | (MYR:USD) | 1,521,174 |
| THB | 144,683 | 0.8377 | (THB:NTD) | 121,201 |
| Financial liabilities | | | | |
| Monetary items | | | | |
| USD | 91,723 | 31.8750 | (USD:NTD) | 2,923,671 |
| USD | 10,979 | 7.1107 | (USD:RMB) | 349,956 |
| USD | 15,311 | 4.6150 | (USD:MYR) | 488,038 |
| JPY | 998,216 | 0.2205 | (JPY:NTD) | 220,107 |

(Concluded)

The total realized and unrealized foreign exchange gains and losses were a gain of \$38,726 thousand, a gain of \$48,999 thousand, a gain of \$41,242 thousand and a gain of \$118,657 thousand for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of each entity.

36. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (Table 3)
- 4) Marketable securities acquired or disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: (Table 5)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
- 9) Trading in derivative instruments: (Note 7)
- 10) Others: The business relationship between the parent company and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions (Table 8)
- 11) Information on investees (Table 9)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gain or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 10)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 6)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 6)

- c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None
- c. Information of major shareholders: list of the shareholders with ownership of 5% or greater, showing the names, the number of shares and percentage of ownership held by each shareholder. (Table 11)

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of industrial materials. Reported segments of the Company and its subsidiaries were as follows:

- Resins Materials

Mainly operating variety of industrial resins materials.

- Electronic Materials

Mainly operating electronic, optoelectronic industry raw material and vacuum laminator.

- High Performance Materials

Mainly operating UV - light curing raw material.

- Others

The other operating segments which did not meet the quantitative threshold for separate reporting.

Segment revenues and operating results

The Company and its subsidiaries' segment operating profit (loss) is used as the basis for assessing the performance of the operating segments. The following is an analysis of the Company and its subsidiaries' revenues and results of operations by reportable segment.

| | Resins Materials | Electronic Materials | High Performance Materials | Others | Adjustment and Elimination | Total |
|---|-----------------------------|---------------------------------|---|---------------------|---|----------------------|
| For the nine months ended September 30, 2023 | | | | | | |
| Revenues from external customers | | | | | | |
| Revenue from the sale of goods | \$ 16,556,748 | \$ 8,346,778 | \$ 6,540,483 | \$ 41,715 | \$ - | \$ 31,485,724 |
| Revenue from the rental service | - | 20,198 | - | 186,804 | - | 207,002 |
| Inter-segment revenues | 1,794,032 | 1,912,208 | 1,014,100 | 1,985 | (4,722,325) | - |
| Total revenue | \$ 18,350,780 | \$ 10,279,184 | \$ 7,554,583 | \$ 230,504 | (\$ 4,722,325) | \$ 31,692,726 |
| Segment operating profit (loss) | \$ 392,189 | \$ 605,804 | \$ 806,292 | (\$ 345,901) | \$ - | \$ 1,458,384 |
| For the nine months ended September 30, 2022 | | | | | | |
| Revenues from external customers | | | | | | |
| Revenue from the sale of goods | \$ 18,301,049 | \$ 9,628,218 | \$ 9,000,302 | \$ 103,676 | \$ - | \$ 37,033,245 |
| Revenue from the rental service | - | 14,394 | - | 195,466 | - | 209,860 |
| Inter-segment revenues | 2,191,935 | 2,279,230 | 1,512,426 | 2,000 | (5,985,591) | - |
| Total revenue | \$ 20,492,984 | \$ 11,921,842 | \$ 10,512,728 | \$ 301,142 | (\$ 5,985,591) | \$ 37,243,105 |
| Segment operating profit (loss) | \$ 363,028 | \$ 923,324 | \$ 1,657,742 | (\$ 268,718) | \$ - | \$ 2,675,376 |

Eternal Materials Co., Ltd. and Subsidiaries

FINANCING PROVIDED TO OTHERS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. (Note 1) | Lender | Borrower | Financial Statement Account | Related Party | Maximum Balance for the Period (Note 2) | Ending Balance (Note 3) | Actual Amount Drawn | Interest Rate (%) | Nature of Financing (Note 4) | Transaction Amount | Reason for Financing | Allowance for Bad Debt | Collateral | | Financing Limits for Each Borrowing Company | Financing Company's Total Financing Limit | Note |
|-----------------|--|---|--|------------------|---|----------------------------|------------------------|----------------------|---------------------------------|-----------------------|----------------------|---------------------------|------------|-------|---|--|---------------|
| | | | | | | | | | | | | | Item | Value | | | |
| 0 | Eternal Materials Co., Ltd. | Eternal Technology Corporation | Other receivables from related parties | Y | \$ 609,600 | \$ - | \$ - | - | 2 | \$ - | Operating needs | \$ - | \$ - | \$ - | \$ 1,252,762 | \$ 10,022,097 | Note 5 |
| 1 | Eternal Chemical (China) Co., Ltd. | Eternal Chemical (Tianjin) Co., Ltd. | Other receivables from related parties | Y | 888,556 | 449,455 | 52,638 | 2.93-3.10 | 2 | - | Operating needs | - | - | - | 9,236,128 | 9,236,128 | Note 7 |
| 1 | Eternal Chemical (China) Co., Ltd. | Eternal Synthetic Resins (Changshu) Co., Ltd. | Other receivables from related parties | Y | 799,700 | 449,455 | 337,524 | 2.93-3.10 | 2 | - | Operating needs | - | - | - | 9,236,128 | 9,236,128 | Note 7 |
| 1 | Eternal Chemical (China) Co., Ltd. | Eternal Materials (Guangdong) Co., Ltd. | Other receivables from related parties | Y | 177,711 | 89,891 | - | - | 2 | - | Operating needs | - | - | - | 9,236,128 | 9,236,128 | Note 7 |
| 1 | Eternal Chemical (China) Co., Ltd. | Eternal Specialty Materials (Suzhou) Co., Ltd. | Other receivables from related parties | Y | 444,278 | 224,728 | - | - | 2 | - | Operating needs | - | - | - | 9,236,128 | 9,236,128 | Note 7 |
| 1 | Eternal Chemical (China) Co., Ltd. | Eternal Chemical (Chengdu) Co., Ltd. | Other receivables from related parties | Y | 1,777,112 | 898,910 | 765,664 | 2.93-3.10 | 2 | - | Operating needs | - | - | - | 9,236,128 | 9,236,128 | Note 7 |
| 1 | Eternal Chemical (China) Co., Ltd. | Eterkon Semiconductor Materials Co., Ltd. | Other receivables from related parties | Y | 106,627 | - | - | - | 2 | - | Operating needs | - | - | - | 1,847,226 | 1,847,226 | Note 9 |
| 1 | Eternal Chemical (China) Co., Ltd. | Eternal (China) Investment Co., Ltd. | Other receivables from related parties | Y | 888,556 | 449,455 | 226,148 | 2.93-3.10 | 2 | - | Operating needs | - | - | - | 9,236,128 | 9,236,128 | Note 7 |
| 1 | Eternal Chemical (China) Co., Ltd. | Eternal Electronic (Suzhou) Co., Ltd. | Other receivables from related parties | Y | 666,417 | 449,455 | 13,345 | 2.93-3.10 | 2 | - | Operating needs | - | - | - | 9,236,128 | 9,236,128 | Note 7 |
| 1 | Eternal Chemical (China) Co., Ltd. | Eternal Photoelectric Material Industry (Yingkou) Co., Ltd. | Other receivables from related parties | Y | 133,283 | 67,418 | - | - | 2 | - | Operating needs | - | - | - | 9,236,128 | 9,236,128 | Note 7 |
| 1 | Eternal Chemical (China) Co., Ltd. | Eternal Optical Material (Suzhou) Co., Ltd. | Other receivables from related parties | Y | 88,856 | 44,946 | - | - | 2 | - | Operating needs | - | - | - | 9,236,128 | 9,236,128 | Note 7 |
| 2 | Eternal Materials (Guangdong) Co., Ltd. | Eternal Chemical (China) Co., Ltd. | Other receivables from related parties | Y | 444,278 | 224,728 | - | - | 2 | - | Operating needs | - | - | - | 7,153,429 | 7,153,429 | Note 6 |
| 3 | Eternal Holdings Inc. | Eternal Technology Corporation | Other receivables from related parties | Y | 457,200 | - | - | - | 2 | - | Operating needs | - | - | - | 42,968,859 | 42,968,859 | Note 6 |
| 3 | Eternal Holdings Inc. | Eternal Materials Co., Ltd. | Other receivables from related parties | Y | 2,775,220 | 2,775,220 | 1,097,180 | 6.59-6.67 | 2 | - | Operating needs | - | - | - | 42,968,859 | 42,968,859 | Note 6 |
| 4 | Eternal (China) Investment Co., Ltd. | Eternal Chemical (China) Co., Ltd. | Other receivables from related parties | Y | 888,556 | 449,455 | - | - | 2 | - | Operating needs | - | - | - | 31,207,329 | 31,207,329 | Note 6 |
| 4 | Eternal (China) Investment Co., Ltd. | Eternal Chemical (Chengdu) Co., Ltd. | Other receivables from related parties | Y | 1,909,041 | - | - | - | 2 | - | Operating needs | - | - | - | 31,207,329 | 31,207,329 | Note 6 |
| 4 | Eternal (China) Investment Co., Ltd. | Eternal Chemical (Tianjin) Co., Ltd. | Other receivables from related parties | Y | 1,065,511 | 539,346 | 539,346 | 3.10 | 2 | - | Operating needs | - | - | - | 31,207,329 | 31,207,329 | Note 6 |
| 4 | Eternal (China) Investment Co., Ltd. | Eternal Synthetic Resins (Changshu) Co., Ltd. | Other receivables from related parties | Y | 710,341 | 359,564 | 359,564 | 3.10 | 2 | - | Operating needs | - | - | - | 31,207,329 | 31,207,329 | Note 6 |
| 4 | Eternal (China) Investment Co., Ltd. | Eternal Electronic (Suzhou) Co., Ltd. | Other receivables from related parties | Y | 887,926 | 449,455 | 449,455 | 3.10 | 2 | - | Operating needs | - | - | - | 31,207,329 | 31,207,329 | Note 6 |
| 4 | Eternal (China) Investment Co., Ltd. | Shanghai Dowill Paint Technology Co., Ltd. (Original name:ESCO Specialty Coatings (Shanghai) Co., Ltd.) | Non-current assets held for sale | Y | 162,161 | - | - | - | 2 | - | Operating needs | - | - | - | 6,241,466 | 6,241,466 | Note 8 and 10 |
| 4 | Eternal (China) Investment Co., Ltd. | Eterkon Semiconductor Materials Co., Ltd. | Other receivables from related parties | Y | 107,869 | 107,869 | 107,869 | 3.65 | 2 | - | Operating needs | - | - | - | 6,241,466 | 6,241,466 | Note 8 |
| 5 | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Eternal Chemical (China) Co., Ltd. | Other receivables from related parties | Y | 1,110,695 | 674,183 | 306,025 | 2.43-2.85 | 2 | - | Operating needs | - | - | - | 7,730,402 | 7,730,402 | Note 7 |
| 6 | Eternal Specialty Materials (Suzhou) Co., Ltd. | Eternal Chemical (China) Co., Ltd. | Other receivables from related parties | Y | 224,728 | 224,728 | 18,021 | 2.43-2.85 | 2 | - | Operating needs | - | - | - | 4,067,489 | 4,067,489 | Note 7 |
| 7 | Eternal Specialty Materials (Zhuhai) Co., Ltd. | Eternal Chemical (China) Co., Ltd. | Other receivables from related parties | Y | 224,728 | 224,728 | 45,278 | 2.43-2.85 | 2 | - | Operating needs | - | - | - | 1,432,217 | 1,432,217 | Note 9 |

Note 1: The representation of the numbers are as follows:

1. No. 0 represents the issuer.
2. Investees are numbered in order from No. 1.

Note 2: The maximum balance for the period have been approved by the board of directors, and translated into NTD using the exchange rate at the balance sheet date.

Note 3: The ending balance for the period have been approved by the board of directors, and translated into NTD using the exchange rate at the balance sheet date.

Note 4: Nature of financing is as follows:

1. Business relationship.
2. Short-term financing

Note 5: According to the Company's Operation Procedures for Lending Funds to Others, the Company's total financing limits and the financing limit for each borrowing company shall not exceed 40% and 5% of the net worth of the Company's latest financial statement, respectively.

Note 6: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or the financing company's total financing limits shall not exceed 200% of the net worth of the financing company as of December 31, 2022, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 7: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or the financing company's total financing limits shall not exceed 200% of the net worth of the financing company's latest financial statement, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 8: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or the financing company's total financing limits shall not exceed 40% of the net worth of the financing company as of December 31, 2022, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 9: According to the financing company's Operation Procedures for Lending Funds to Others, either the financing limit for each borrowing company or the financing company's total financing limits shall not exceed 40% of the net worth of the financing company's latest financial statement, and it should be translated into NTD using the exchange rate at the balance sheet date.

Note 10: The ownership of Shanghai Dowill Paint Technology Co., Ltd. (Original name: ESCO Specialty Coatings (Shanghai) Co., Ltd.), held by the Company, has been sold to a non-related party in May 2023. It is currently not an associate of the Company. The table only disclosed the financing records before May 2023.

Note 11: Amount was eliminated from the consolidated financial statements, except for investments accounted for using the equity method.

Eternal Materials Co., Ltd. and Subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. (Note 1) | Endorser/Guarantor | Endorsee/Guarantee | | Limits on Endorsements /Guarantees Given on Behalf of Each Party | Maximum Amount Endorsements /Guarantees During the Period (Note 4) | Outstanding Endorsements /Guarantees the End of the Period (Note 5) | Actual Amount Drawn | Amount Endorsements /Guarantees by Collaterals | Ratio of Accumulated Endorsements /Guarantees to Net Equity per Latest Financial Statements (%) | Maximum Endorsements /Guarantees Amount Allowable | Endorsements /Guarantees Given by Parent on Behalf of Subsidiaries | Endorsements /Guarantees by Subsidiaries on Behalf of Parent | Endorsements /Guarantees Given on Behalf of Companies in Mainland China | Note |
|-----------------|---|---|--------------------------|--|--|---|------------------------|---|---|---|--|---|---|---------------|
| | | Name | Relationship (Note 2) | | | | | | | | | | | |
| 0 | Eternal Materials Co., Ltd. | Eternal Holdings Inc. | 2 | \$ 25,055,242 | \$ 567,952 | \$ 567,952 | \$ - | \$ - | 2.27 | \$ 25,055,242 | Y | N | N | Notes 3 and 6 |
| 0 | Eternal Materials Co., Ltd. | Eternal Materials (Malaysia) Sdn. Bhd. | 2 | 25,055,242 | 2,668,751 | 2,668,751 | 1,326,180 | - | 10.65 | 25,055,242 | Y | N | N | Notes 3 and 6 |
| 0 | Eternal Materials Co., Ltd. | Elga Europe S.r.l. | 2 | 25,055,242 | 527,547 | 511,361 | 470,111 | - | 2.04 | 25,055,242 | Y | N | N | Notes 3 and 6 |
| 0 | Eternal Materials Co., Ltd. | Eternal Nanyang Investment Co., Ltd. | 2 | 25,055,242 | 3,549,700 | 3,549,700 | 1,436,015 | - | 14.17 | 25,055,242 | Y | N | N | Notes 3 and 6 |
| 0 | Eternal Materials Co., Ltd. | Eternal Material Industry (Tongling) Co., Ltd. | 2 | 25,055,242 | 1,640,511 | 1,640,511 | 47,328 | - | 6.55 | 25,055,242 | Y | N | Y | Notes 3 and 6 |
| 1 | Eternal (China) Investment Co., Ltd. | Eternal Material Industry (Tongling) Co., Ltd. | 2 | 15,603,664 | 449,455 | 449,455 | - | - | 2.88 | 15,603,664 | N | N | Y | Note 7 |

Note 1: The representation of the numbers are as follows:

1. No. 0 represents the issuer.
2. Investees are numbered in order from No. 1.

Note 2: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

1. Have a business relationship.
2. The company owns directly or indirectly more than 50% of the voting shares of the company.
3. Total ownership of more than 50% of the investee, either directly by the Company and/or indirectly by the Company's subsidiaries.
4. Subsidiaries in which the Company owns directly or indirectly more than 90% of the voting shares.
5. Companies where the Company is required to provide guarantees or endorsements for the construction project based on the construction contract.
6. Companies where the shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership due to a joint venture.
7. According to the Consumer Protection Act, companies that are required to provide guarantees and endorsements for joint and several liabilities if involved in the business of pre-sale of real estate.

Note 3: In accordance with the parent company's "Procedures for Provision of Endorsements and Guarantees", limit on endorsement/guarantee given on behalf of each party is 100% of the parent company's net worth based on the latest financial statements.

Note 4: Maximum amount endorsed/guaranteed during the period is approved by the board of directors, and translated into NTD using the exchange rate at the balance sheet date.

Note 5: Outstanding endorsements/guarantees at the end of the period are approved by the board of directors, and translated into NTD using the exchange rate at the balance sheet date.

Note 6: In accordance with the parent company's "Procedures for Provision of Endorsements and Guarantees", maximum endorsement/guarantee amount allowable is 100% of the parent company's net worth based on the latest financial statements.

Note 7: In accordance with the subsidiary's "Procedures for Provision of Endorsements and Guarantees", the limit on endorsement/guarantee given on behalf of each party and the maximum amount endorsed/guaranteed is based on its net worth for the year ended December 31, 2022.

Eternal Materials Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

SEPTEMBER 30, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | September 30, 2023 | | | | Note |
|-----------------------------|--|---------------------------------------|---|--------------------|-----------------|-----------------------------|------------|------|
| | | | | Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Eternal Materials Co., Ltd. | President Securities Corp. (stock) | - | Financial assets at fair value through other comprehensive income - non-current | 33,366,767 | \$625,627 | 2.29 | \$ 625,627 | |
| | TBG Diagnostics Limited (stock) | - | Financial assets at fair value through other comprehensive income - non-current | 40,200,000 | 39,169 | 18.48 | 39,169 | |
| | Universal Venture Capital Investment Corp. (stock) | - | Financial assets at fair value through other comprehensive income - non-current | 5,000,000 | 52,446 | 4.15 | 52,446 | |
| | Der Yang Biotechnology Venture Capital Co., Ltd. (stock) | - | Financial assets at fair value through other comprehensive income - non-current | 230,096 | 2,999 | 11.11 | 2,999 | |
| | Research Innovation Capital Corporation. (stock) | - | Financial assets at fair value through other comprehensive income - non-current | 10,000,000 | 49,668 | 29.76 (Note 1) | 49,668 | |
| | Hwa Nan Venture Capital Co., Ltd. (stock) | - | Financial assets at fair value through other comprehensive income - non-current | 57,438 | - | 10.6 | - | |
| Mixville Holdings Inc. | Grace THW Holding Limited (stock) | - | Financial assets at fair value through other comprehensive income - non-current | 1,900,000 | 231,922 | Note 2 | 231,922 | |
| | Pacven Walden Ventures V, L.P. (fund) | - | Financial assets at fair value through profit or loss - non-current | - | 9,991 | Note 2 | 9,991 | |

Note 1 : The Company has no significant influence on it, refer to Note12

Note 2 : The percentage of ownership is less than 1%.

Eternal Materials Co., Ltd. and Subsidiaries

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Company Name | Type and Name of Marketable Securities | Financial Statement Account | Counterparty | Relationship | Beginning Balance | | Acquisition | | Disposal | | | Ending Balance (Note 1) | | |
|---------------------------------------|--|---|---|--------------|-------------------|---------------|--------------|-----------|--------------|--------|----------------|-------------------------|--------------|---------------|
| | | | | | Shares/Units | Amount | Shares/Units | Amount | Shares/Units | Amount | Carrying Value | Gain/Loss on Disposal | Shares/Units | Amount |
| Eternal International (BVI) Co., Ltd. | Eternal (China) Investment Co., Ltd. | Investments accounted for using the equity method | Note 2 | Subsidiary | Note 4 | \$ 15,308,189 | - | \$ - | Note 4 | \$ - | (\$ 676,725) | Note 2 | Note 4 | \$ 15,189,897 |
| Eternal Holdings Inc. | Eternal International (BVI) Co., Ltd. | Investments accounted for using the equity method | Note 2 | Subsidiary | 183,793,592 | 15,137,021 | - | - | (22,000,000) | - | (676,725) | Note 2 | 161,793,592 | 15,224,147 |
| Eternal Materials Co., Ltd. | Eternal Holdings Inc. | Investments accounted for using the equity method | Note 2 | Subsidiary | 200,108,859 | 20,293,015 | - | - | (15,000,000) | - | (454,125) | Note 2 | 185,108,859 | 20,976,777 |
| Eternal Materials Co., Ltd. | Eternal Technology Corporation | Investments accounted for using the equity method | Note 3 and Eternal International (BVI) Co., Ltd. (Note 6) | Subsidiary | - | - | Note 5 | 366,404 | - | - | - | - | 1,000 | 343,024 |
| Eternal (China) Investment Co., Ltd. | Eternal Material Industry (Tongling) Co., Ltd. | Investments accounted for using the equity method | Note 3 | Subsidiary | Note 4 | 863,511 | Note 4 | 781,380 | - | - | - | - | Note 4 | 1,658,860 |
| Eternal (China) Investment Co., Ltd. | Eternal Chemical (Chengdu) Co., Ltd. | Investments accounted for using the equity method | Note 3 | Subsidiary | Note 4 | (703,359) | Note 4 | 1,003,720 | - | - | - | - | Note 4 | 193,404 |

Note 1: The ending balance included the share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method and exchange differences on translation of the financial statements of foreign operations.

Note 2: The company had capital reduction.

Note 3: The company had capital increase.

Note 4: No share was issued.

Note 5: No shares was issued in this capital increase.

Note 6: The company had reorganization.

Eternal Materials Co., Ltd. and Subsidiaries

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars)**

| Buyer | Property | Event Date | Transaction Amount | Payment Status | Counterparty | Relationship | Information on Previous Title Transfer If Counterparty Is A Related Party | | | | Price Reference | Purpose of Acquisition | Other Terms |
|--|--|----------------|--------------------|--------------------------------------|-------------------------------------|-------------------|---|--------------|------------------|--------|--|------------------------|-------------|
| | | | | | | | Property Owner | Relationship | Transaction Date | Amount | | | |
| Eternal Material Industry (Tongling) Co., Ltd. | Engaging the non-related party to build the office & factory building on own land. | March 20, 2023 | \$ 946,000 | Payment in accordance with the terms | Zhongdi Construction Group Co., Ltd | Non-related party | - | - | - | \$ - | Price negotiation in accordance with the terms | Self-use | None |

Eternal Materials Co., Ltd. and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Company name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Receivable (Payable) | | Note |
|--|--|----------------|--------------------------|------------|------------|---------------|----------------------|--------------|-------------------------------------|------------|------|
| | | | Purchases/Sales (Note 2) | Amount | % to Total | Payment Terms | Unit Price | Payment Term | Ending Balance | % to Total | |
| Eternal Materials Co., Ltd. | CHOU-KOU Materials Co., Ltd. | Subsidiary | Sales | \$ 362,143 | 4 | Note 1 | \$ - | - | \$ 178,584 | 5 | |
| Eternal Materials Co., Ltd. | Nikko-Materials Co., Ltd. | Subsidiary | Sales | 105,256 | 1 | Note 1 | - | - | 3,305 | - | |
| Eternal Materials Co., Ltd. | Eternal Electronic Material (Thailand) Co., Ltd. | Subsidiary | Sales | 157,305 | 2 | Note 1 | - | - | 89,654 | 2 | |
| Eternal Materials Co., Ltd. | Elga Europe S.r.l. | Subsidiary | Sales | 128,749 | 1 | Note 1 | - | - | 120,880 | 3 | |
| Eternal Materials Co., Ltd. | Eternal Chemical (China) Co., Ltd. | Subsidiary | Sales | 140,311 | 1 | Note 1 | - | - | 61,658 | 2 | |
| Eternal Materials Co., Ltd. | Eternal (China) Investment Co., Ltd. | Subsidiary | Sales | 179,563 | 2 | Note 1 | - | - | 45,573 | 1 | |
| Eternal Materials Co., Ltd. | Eternal Specialty Materials (Zhuhai) Co., Ltd. | Subsidiary | Sales | 378,067 | 4 | Note 1 | - | - | 120,014 | 3 | |
| Eternal Materials Co., Ltd. | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Subsidiary | Sales | 261,790 | 3 | Note 1 | - | - | 92,485 | 2 | |
| Eternal Materials Co., Ltd. | Eternal Materials (Guangdong) Co., Ltd. | Subsidiary | Sales | 143,463 | 1 | Note 1 | - | - | 31,720 | 1 | |
| Eternal Materials (Guangdong) Co., Ltd. | Eternal Chemical (China) Co., Ltd. | Sister company | Sales | 202,419 | 5 | Note 1 | - | - | 78,572 | 3 | |
| Eternal Materials (Guangdong) Co., Ltd. | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Sister company | Sales | 302,123 | 8 | Note 1 | - | - | 93,695 | 4 | |
| Eternal Materials (Guangdong) Co., Ltd. | Allnex-Eternal Resins (Guangdong) Co., Ltd. | Associate | Sales | 315,873 | 9 | Note 1 | - | - | 120,878 | 5 | |
| Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Eternal Electronic Material (Thailand) Co., Ltd. | Sister company | Sales | 109,817 | 4 | Note 1 | - | - | 42,289 | 2 | |
| Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Eternal Electronic (Suzhou) Co., Ltd. | Sister company | Sales | 145,967 | 6 | Note 1 | - | - | 100,698 | 4 | |
| Eternal Specialty Materials (Zhuhai) Co., Ltd. | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Sister company | Sales | 107,774 | 3 | Note 1 | - | - | 38,099 | 2 | |
| Eternal Specialty Materials (Zhuhai) Co., Ltd. | Eternal Materials Co., Ltd. | Parent company | Sales | 147,094 | 4 | Note 1 | - | - | 53,940 | 3 | |
| Eternal Chemical (China) Co., Ltd. | Allnex-Eternal Resins (Guangdong) Co., Ltd. | Associate | Sales | 104,015 | 3 | Note 1 | - | - | 88,818 | 4 | |
| Eternal Chemical (Tianjin) Co., Ltd. | Eternal Chemical (China) Co., Ltd. | Sister company | Sales | 215,802 | 12 | Note 1 | - | - | 89,663 | 9 | |
| Eternal Specialty Materials (Suzhou) Co., Ltd. | Eternal Electronic (Suzhou) Co., Ltd. | Sister company | Sales | 176,331 | 9 | Note 1 | - | - | 78,259 | 9 | |

Note 1: The terms are similar to that of non-related party transactions.

Note 2: For transactions between related parties, only one side of the transaction was disclosed.

Note 3: Amounts were eliminated from the consolidated financial statements, except for investment accounted for using the equity method.

Eternal Materials Co., Ltd. and Subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Company Name | Related Party | Relationship | Ending Balance | Turnover Rate | Overdue | | Amounts Received in Subsequent Period | Allowance for Doubtful Accounts |
|---|--|----------------|----------------|---------------|-----------|------------------------|---|------------------------------------|
| | | | | | Amount | Actions Taken | | |
| Eternal Materials Co., Ltd. | CHOU-KOU Materials Co., Ltd. | Subsidiary | \$ 178,584 | 3.04 | \$ 30,603 | Collected subsequently | \$ 36,270 | \$ - |
| Eternal Materials Co., Ltd. | Elga Europe S.r.l. | Subsidiary | 120,880 | 2.06 | 65,758 | Collected subsequently | 5,173 | - |
| Eternal Materials Co., Ltd. | Eternal Specialty Materials (Zhuhai) Co., Ltd. | Subsidiary | 120,014 | 4.36 | - | - | - | - |
| Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Eternal Electronic (Suzhou) Co., Ltd. | Sister company | 100,698 | 1.01 | 46,641 | Collected subsequently | 24,838 | - |
| Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Eternal Precision Mechanics (Guangzhou) Co., Ltd. | Sister company | 100,809 | 2.30 | - | - | - | - |
| Eternal Materials (Guangdong) Co., Ltd. | Allnex-Eternal Resins (Guangdong) Co., Ltd | Associate | 120,878 | 3.56 | 21,578 | Collected subsequently | 37,788 | 232 |

Note: Amount was eliminated from the consolidated financial statements, except for the investments accounted for using the equity method.

Eternal Materials Co., Ltd. and Subsidiaries

**INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| No. (Note 1) | Company Name | Counterparty | Relationship (Note 2) | Transactions Details | | | |
|-----------------|--|---|--------------------------|--|------------|--------|----------------------------------|
| | | | | Financial Statement Item (Note 5) | Amount | Terms | % to Total Revenues or Assets |
| 0 | Eternal Materials Co., Ltd. | CHOU-KOU Materials Co., Ltd. | 1 | Revenue from sales of goods | \$ 362,143 | Note 3 | 1.14 |
| 0 | Eternal Materials Co., Ltd. | Nikko-Materials Co., Ltd. | 1 | Revenue from sales of goods | 105,256 | Note 3 | 0.33 |
| 0 | Eternal Materials Co., Ltd. | Eternal Electronic Material (Thailand) Co., Ltd. | 1 | Revenue from sales of goods | 157,305 | Note 3 | 0.50 |
| 0 | Eternal Materials Co., Ltd. | Elga Europe S.r.l. | 1 | Revenue from sales of goods | 128,749 | Note 3 | 0.41 |
| 0 | Eternal Materials Co., Ltd. | Eternal Chemical (China) Co., Ltd. | 1 | Revenue from sales of goods | 140,311 | Note 3 | 0.44 |
| 0 | Eternal Materials Co., Ltd. | Eternal (China) Investment Co., Ltd. | 1 | Revenue from sales of goods | 179,563 | Note 3 | 0.57 |
| 0 | Eternal Materials Co., Ltd. | Eternal Specialty Materials (Zhuhai) Co., Ltd. | 1 | Revenue from sales of goods | 378,067 | Note 3 | 1.19 |
| 0 | Eternal Materials Co., Ltd. | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | 1 | Revenue from sales of goods | 261,790 | Note 3 | 0.83 |
| 0 | Eternal Materials Co., Ltd. | Eternal Materials (Guangdong) Co., Ltd. | 1 | Revenue from sales of goods | 143,463 | Note 3 | 0.45 |
| 0 | Eternal Materials Co., Ltd. | CHOU-KOU Materials Co., Ltd. | 1 | Notes and accounts receivable from related parties | 178,584 | Note 3 | 0.30 |
| 0 | Eternal Materials Co., Ltd. | Elga Europe S.r.l. | 1 | Notes and accounts receivable from related parties | 120,880 | Note 3 | 0.20 |
| 0 | Eternal Materials Co., Ltd. | Eternal Specialty Materials (Zhuhai) Co., Ltd. | 1 | Notes and accounts receivable from related parties | 120,014 | Note 3 | 0.20 |
| 1 | Eternal Holdings Inc. | Eternal Materials Co., Ltd. | 2 | Other receivables from related parties | 1,097,180 | Note 4 | 1.83 |
| 2 | Eternal (China) Investment Co., Ltd. | Eternal Chemical (Tianjin) Co., Ltd. | 1 | Other receivables from related parties | 539,346 | Note 4 | 0.90 |
| 2 | Eternal (China) Investment Co., Ltd. | Eternal Synthetic Resins (Changshu) Co., Ltd. | 1 | Other receivables from related parties | 359,564 | Note 4 | 0.60 |
| 2 | Eternal (China) Investment Co., Ltd. | Eternal Electronic (Suzhou) Co., Ltd. | 1 | Other receivables from related parties | 449,455 | Note 4 | 0.75 |
| 3 | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Eternal Electronic Material (Thailand) Co., Ltd. | 3 | Revenue from sales of goods | 109,817 | Note 3 | 0.35 |
| 3 | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Eternal Electronic (Suzhou) Co., Ltd. | 3 | Revenue from sales of goods | 145,967 | Note 3 | 0.46 |
| 3 | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Eternal Electronic (Suzhou) Co., Ltd. | 3 | Notes and accounts receivable from related parties | 100,698 | Note 3 | 0.17 |
| 3 | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Eternal Precision Mechanics (Guangzhou) Co., Ltd. | 3 | Notes and accounts receivable from related parties | 100,809 | Note 3 | 0.17 |
| 3 | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Eternal Chemical (China) Co., Ltd. | 3 | Other receivables from related parties | 306,025 | Note 4 | 0.51 |

(Continued)

| No. (Note 1) | Company Name | Counterparty | Relationship (Note 2) | Transactions Details | | | |
|-----------------|--|--|--------------------------|--|------------|--------|----------------------------------|
| | | | | Financial Statement Item (Note 5) | Amount | Terms | % to Total Revenues or Assets |
| 4 | Eternal Materials (Guangdong) Co., Ltd. | Eternal Chemical (China) Co., Ltd. | 3 | Revenue from sales of goods | \$ 202,419 | Note 3 | 0.64 |
| 4 | Eternal Materials (Guangdong) Co., Ltd. | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | 3 | Revenue from sales of goods | 302,123 | Note 3 | 0.95 |
| 5 | Eternal Chemical (Tianjin) Co., Ltd. | Eternal Chemical (China) Co., Ltd. | 3 | Revenue from sales of goods | 215,802 | Note 3 | 0.68 |
| 6 | Eternal Specialty Materials (Zhuhai) Co., Ltd. | Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | 3 | Revenue from sales of goods | 107,774 | Note 3 | 0.34 |
| 6 | Eternal Specialty Materials (Zhuhai) Co., Ltd. | Eternal Materials Co., Ltd. | 2 | Revenue from sales of goods | 147,094 | Note 3 | 0.46 |
| 7 | Eternal Chemical (China) Co., Ltd. | Eternal Synthetic Resins (Changshu) Co., Ltd. | 3 | Other receivables from related parties | 337,524 | Note 4 | 0.56 |
| 7 | Eternal Chemical (China) Co., Ltd. | Eternal Chemical (Chengdu) Co., Ltd. | 3 | Other receivables from related parties | 765,664 | Note 4 | 1.27 |
| 7 | Eternal Chemical (China) Co., Ltd. | Eternal (China) Investment Co., Ltd. | 3 | Other receivables from related parties | 226,148 | Note 4 | 0.38 |
| 8 | Eternal Specialty Materials (Suzhou) Co., Ltd. | Eternal Electronic (Suzhou) Co., Ltd. | 3 | Revenue from sales of goods | 176,331 | Note 3 | 0.56 |

(Concluded)

Note 1: The transaction information of the Company and its subsidiaries is numbered in column "No.". The representation of the numbers are as follows:

1. No. 0 represents the Company.
2. Subsidiaries are numbered in order from No. 1.

Note 2: The relationships among the parties to the transaction are as follows:

1. The parent company to subsidiary.
2. The subsidiary to the parent company.
3. The subsidiary to another subsidiary.

Note 3: The terms are similar to non-related party transactions.

Note 4: In accordance with the Operation Procedures for Lending Funds to Others.

Note 5: For transactions between related parties, only one side of the transaction was disclosed.

TABLE 9

Eternal Materials Co., Ltd. and Subsidiaries

**INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | Balance as of September 30, 2023 | | | Net Income (Loss) of the Investee | Investment Gain (Loss) | Note |
|---------------------------------------|---|------------------------|---|----------------------------|-------------------|----------------------------------|-----------------------------|-----------------|-----------------------------------|------------------------|--------------|
| | | | | September 30, 2023 | December 31, 2022 | Number of Shares | Percentage of Ownership (%) | Carrying Amount | | | |
| Eternal Materials Co., Ltd. | Eternal Holdings Inc. | Samoa | International investment | \$ 5,681,836 | \$ 6,135,961 | 185,108,859 | 100.00 | \$ 20,976,777 | \$ 482,554 | \$ 515,377 | |
| Eternal Materials Co., Ltd. | Eternal Global (BVI) Co., Ltd. | British Virgin Islands | International investment | 703,144 | 703,144 | 16,357,914 | 100.00 | 4,945,174 | 170,138 | 178,289 | |
| Eternal Materials Co., Ltd. | Mixville Holdings Inc. | British Virgin Islands | International investment | 899,392 | 899,392 | 26,630,000 | 100.00 | 3,670,629 | 121,118 | 128,797 | |
| Eternal Materials Co., Ltd. | Advanced PETFILM Investment Co., Ltd. | Japan | International investment | 788,630 | 788,630 | 270 | 20.00 | 504,129 | 46,645 | 6,073 | |
| Eternal Materials Co., Ltd. | Daxin Materials Corporation | Taiwan | Manufacturing and selling of chemical, resins materials and electronic materials. | 191,052 | 191,052 | 23,423,812 | 22.80 | 690,155 | 414,526 | 94,512 | |
| Eternal Materials Co., Ltd. | New E Materials Co., Ltd. | Taiwan | Researching, developing, manufacturing and selling of photoelectric, semiconductor process related electronic chemical materials and equipment spare parts | 82,322 | 82,322 | 6,907,585 | 62.80 | 31,963 | 447 | 280 | |
| Eternal Materials Co., Ltd. | Covestro Eternal Resins (Far East) Ltd. | Taiwan | Manufacturing and selling of powder coating resin | 36,400 | 36,400 | 3,660,000 | 40.00 | 136,710 | 82,557 | 33,023 | |
| Eternal Materials Co., Ltd. | Eternal Precision Mechanics Co., Ltd. | Taiwan | Manufacturing and selling of vacuum laminator | 550,000 | 550,000 | 52,000,000 | 100.00 | 1,033,800 | 247,725 | 261,262 | |
| Eternal Materials Co., Ltd. | Eternal Electronic Material (Thailand) Co., Ltd. | Thailand | Trading services, cutting and selling of dry film photoresist | 90,919 | 90,919 | 937,500 | 75.00 | 123,596 | 107 | 3,357 | |
| Eternal Materials Co., Ltd. | CHOU-KOU Materials Co., Ltd. | Japan | Selling, trading and providing services of resins material, electronic material and other related products, manufacturing and selling of dry film photoresist | 190,594 | 60,431 | 9,760 | 100.00 | 206,948 | 11,883 | 3,233 | |
| Eternal Materials Co., Ltd. | Elga Europe S.r.l. | Italy | Manufacturing, selling, distribution and processing of electronic chemical products | 287,169 | 287,169 | - | 72.68 | 4,832 | 11,828 | 8,597 | |
| Eternal Materials Co., Ltd. | Eternal Technology Corporation | United States | Manufacturing and selling of photoresist and selling of chemical products | 622,950 | - | 1,000 | 100.00 | 343,024 | (77,955) | (35,948) | Note 2 |
| Eternal Precision Mechanics Co., Ltd. | Nikko-Materials Co., Ltd. | Japan | Manufacturing and selling vacuum laminator | 300,150 | 300,150 | 11,520 | 100.00 | 963,481 | 358,771 | - | Note 1 |
| Eternal Holdings Inc. | Eternal International (BVI) Co., Ltd. | British Virgin Islands | International investment | 5,062,308 | 5,739,033 | 161,793,592 | 100.00 | 15,224,147 | 217,288 | - | Note 1 |
| Eternal Holdings Inc. | E-Chem Corp. | Samoa | International investment | 165,608 | 165,608 | 4,990,000 | 100.00 | 3,400,388 | 318,206 | - | Note 1 |
| Eternal Holdings Inc. | Eternal Nanyang Investment Co., Ltd. | Samoa | International investment | 841,453 | 841,453 | 28,350,000 | 90.00 | 196,748 | (177,491) | - | Note 1 |
| Eternal Holdings Inc. | PT Eternal Materials Indonesia | Indonesia | Selling, trading of chemical | 13,360 | 13,360 | 670 | 67.00 | 16,866 | (499) | - | Note 1 |
| Eternal Holdings Inc. | Eternal Materials India Private Limited | India | Selling, trading of chemical | 388 | - | 99,000 | 99.00 | 384 | - | - | Note 1 |
| Eternal Holdings Inc. | Allnex-Eternal Resins Corporation Limited | Hong Kong | Trading and international investment | 14,496 | 50,385 | 49,000 | 49.00 | 408,947 | 104,203 | - | Note 1 |
| Eternal Holdings Inc. | Polymer Instrumentation and Consulting Services, Ltd. | United States | Plastic products manufacturing | 121,913 | 121,913 | 4,694,296 | 30.00 | - | - | - | Note 1 |
| Eternal International (BVI) Co., Ltd. | Eternal Technology Corporation | United States | Manufacturing and selling of photoresist and selling of chemical products | - | 600,693 | - | - | - | (77,955) | - | Note 1 and 2 |
| E-Chen Corp. | Eternal Materials India Private Limited | India | Selling, trading of chemical | 4 | - | 1,000 | 1.00 | 4 | - | - | Note 1 |
| Mixville Holdings Inc. | High Expectation Limited | Cayman Islands | International investment | 871,519 | 871,519 | 26,005,000 | 100.00 | 3,433,066 | 120,983 | - | Note 1 |
| Eternal (China) Investment Co., Ltd. | Elga Europe S.r.l. | Italy | Manufacturing, selling, distribution and processing of electronic chemical products | 58,610 | 58,610 | - | 22.32 | 1,927 | 11,828 | - | Note 1 |
| Eternal Nanyang Investment Co., Ltd. | Eternal Materials (Malaysia) Sdn. Bhd. | Malaysia | Manufacturing, selling, trading and providing services of resins material related products | 2,082,818 | 2,082,818 | 395,922,000 | 100.00 | 1,653,735 | (109,394) | - | Note 1 |

Note 1: It had been consolidated into the net income (loss) of investees recognized by the Company using the equity method, and also considered into the calculation of the Company's investment income or loss.

Note 2: The company had reorganization.

TABLE 10

Eternal Materials Co., Ltd. and Subsidiaries

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Investee Company | Main Businesses and Products | Total Amount of Paid-in Capital | Method of Investment (Note 1) | Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2023 | Investment Flows | | Accumulated Outward Remittance for Investments from Taiwan as of September 30, 2023 | Net Income (Loss) of the Investee | % of Ownership of Direct or Indirect Investment | Investment Gain (Loss) | Carrying Amount as of September 30, 2023 | Accumulated Repatriation of Investment Income as of September 30, 2023 | Note |
|---|---|---------------------------------|-------------------------------|--|------------------|---------|---|-----------------------------------|---|------------------------|--|--|--------------------|
| | | | | | Outward | Inward | | | | | | | |
| Eternal Chemical (China) Co., Ltd. | Manufacturing and selling of resins material and processing products | \$ 755,651 | 2 | \$ 625,549 | \$ - | \$ - | \$ 625,549 | \$ 155,238 | 100.00 | \$ 155,238 | \$ 4,618,064 | \$ 1,772,062 | Note 2 |
| Covestro Eternal Resins (Kunshan) Co., Ltd. | Manufacturing and selling of powder coating resin | 183,470 | 2 | 91,735 | - | - | 91,735 | 26,300 | 50.00 | 13,150 | 334,279 | 600,691 | Note 3 |
| Eternal Optical Material (Suzhou) Co., Ltd. | Manufacturing and selling of optical film and leasing business. | 1,563,967 | 2 | - | - | - | - | (13,616) | 100.00 | (13,616) | 180,787 | - | Note 3 and Note 10 |
| Eternal Photo Electronic Materials (Guangzhou) Co., Ltd. | Researching, developing, manufacturing and selling of electronic high-tech chemical and related products | 2,256,739 | 2 | 444,685 | - | - | 444,685 | 164,010 | 100.00 | 164,010 | 3,865,201 | 983,767 | Note 2 |
| Eternal Photoelectric Material Industry (Yingkou) Co., Ltd. | Researching, developing and manufacturing of photoresist dry film, liquid photo imaginal solder masks and printed circuit board related materials | 469,402 | 2 | - | - | - | - | 5,782 | 100.00 | 5,782 | 180,634 | - | Note 3 |
| Eterkon Semiconductor Materials Co., Ltd. | Manufacturing and selling of epoxy molding compounds which used in electronic parts and related products | 524,337 | 2 | 456,427 | - | - | 456,427 | 42,076 | 40.00 | 21,321 | 297,963 | - | Note 3 |
| Eternal Synthetic Resins (Changshu) Co., Ltd. | Manufacturing and selling of unsaturated polyester resin | 726,426 | 2 | 279,811 | - | - | 279,811 | (16,475) | 100.00 | (16,475) | 172,916 | - | Note 3 |
| Eternal Chemical (Tianjin) Co., Ltd. | Manufacturing and selling of adhesives, resins material and processing products | 1,008,004 | 2 | 599,320 | - | - | 599,320 | (9,503) | 100.00 | (9,503) | 946,143 | - | Note 3 |
| Eternal Specialty Materials (Zhuhai) Co., Ltd. | Manufacturing and selling of acrylic resin and methacrylic acid | 611,011 | 2 | 243,540 | - | - | 243,540 | 324,709 | 90.00 | 317,805 | 3,385,583 | 950,086 | Note 2 |
| Shanghai Dowill Paint Technology Co., Ltd. (Original name:ESCO Specialty Coatings (Shanghai) Co., Ltd.) | Researching, manufacturing and selling of processing electronic high-tech chemical, high performance coating, material and products | 403,180 | 2 | 196,680 | - | - | 196,680 | (4,689) | - | (5,558) | - | - | Note 3 and Note 14 |
| Eternal Materials (Guangdong) Co., Ltd. | Manufacturing and selling of adhesives, resins material and processing products | 1,297,259 | 2 | 868,175 | - | - | 868,175 | 120,982 | 100.00 | 120,982 | 3,431,089 | 2,150,020 | Note 3 |
| Eternal (China) Investment Co., Ltd. | Managing, investing consulting services, researching, leasing, manufacturing and selling of resins material and photoelectric chemicals materials | 6,880,878 | 2 | 4,264,844 | - | 454,125 | 3,810,719 | 266,274 | 100.00 | 266,274 | 15,189,897 | - | Notes 3 and 4 |
| Eternal Chemical (Chengdu) Co., Ltd. | Researching, manufacturing and selling of resins material | 1,454,071 | 2 | - | - | - | - | (120,613) | 100.00 | (120,613) | 193,404 | - | Note 3 |
| Eternal Electronic (Suzhou) Co., Ltd. | Researching, developing, and manufacturing of dry film photoresist and dry film solder masks which used in electronic materials, researching resin materials and selling, providing after sales service of self-produced products | 1,929,180 | 2 | - | - | - | - | (76,490) | 100.00 | (76,490) | 2,108,329 | - | Note 3 |

(Continued)

| Investee Company | Main Businesses and Products | Total Amount of Paid-in Capital | Method of Investment (Note 1) | Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2023 | Investment Flows | | Accumulated Outward Remittance for Investments from Taiwan as of September 30, 2023 | Net Income (Loss) of the Investee | % of Ownership of Direct or Indirect Investment | Investment Gain (Loss) | Carrying Amount as of September 30, 2023 | Accumulated Repatriation of Investment Income as of September 30, 2023 | Note |
|--|---|---------------------------------|-------------------------------|--|------------------|--------|---|-----------------------------------|---|------------------------|--|--|--------|
| | | | | | Outward | Inward | | | | | | | |
| Eternal Specialty Materials (Suzhou) Co., Ltd. | Researching and developing chemical products, and selling, providing technical services of self-produced products | \$ 1,199,225 | 2 | \$ - | \$ - | \$ - | \$ - | \$ 224,447 | 100.00 | \$ 224,447 | \$ 2,033,745 | - | Note 2 |
| Resonac New Material (Zhuhai) Co., Ltd. (Original name: Showa Denko New Material (Zhuhai) Co., Ltd.) | Manufacturing and selling of functional resins, resins composite material and providing technical services | 366,881 | 2 | - | - | - | - | 2,760 | 30.00 | 775 | 94,539 | - | Note 3 |
| Eternal Material Industry (Tongling) Co., Ltd. | Manufacturing and selling resins material products and providing technical services | 1,650,580 | 2 | - | - | - | - | (29,584) | 100.00 | (29,584) | 1,658,860 | - | Note 3 |
| Eternal Precision Mechanics (Guangzhou) Co., Ltd. | Manufacturing and selling of computers, communications and other electronic equipment | 120,107 | 1 | - | 120,107 | - | 120,107 | (3,729) | 100.00 | (3,729) | 117,951 | - | Note 3 |

(Concluded)

| Investor Company | Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2023 (Note 5) | Investment Amount Authorized by the Investment Commission, MOEA (Note 5) | Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 6) |
|---------------------------------------|--|--|---|
| Eternal Materials Co., Ltd. | \$ 7,622,793 | \$ 28,198,265 | \$ - |
| Eternal Precision Mechanics Co., Ltd. | 120,107 | 132,330 | 620,145 |

Note 1: Investment methods are classified into the following three categories:

1. Direct investment in a company in mainland China.
2. Investing through companies in a third region (Eternal Holdings Inc., Eternal Global (BVI) Co., Ltd and Mixville Holdings Inc.).
3. Others.

Note 2: The investment gains and losses were recognized from the financial statements reviewed by the parent company's CPA in the ROC.

Note 3: The investment gains and losses were recognized from the financial statements of the investee company which have not been reviewed by CPA.

Note 4: The investment gains and losses of Eternal (China) Investment Co., Ltd. included the income (loss) of the invested company.

Note 5: The amounts were translated into NTD using the exchange rate of application date.

Note 6: According to the "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China", which was modified on August 29, 2008, Eternal Materials Co., Ltd. obtained the approval of the operational headquarters from the Industrial Development Bureau of Ministry of Economic Affairs; hence, there is no need to set an upper limit for the investment amount. For Eternal Precision Mechanics Co., Ltd., the limit on investments is 60% of its net worth.

TABLE 11**Eternal Materials Co., Ltd. and Subsidiaries****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2023**

| Name of the Major Shareholder | Shares | |
|-------------------------------|------------------------|-------------------------|
| | Number of Shares Owned | Percentage of Ownership |
| Kwang Yang Motor Co., Ltd. | 117,800,000 | 9.99 |
| Kao, Ying-Shih | 74,511,152 | 6.32 |

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to Market Observation Post System.