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BILLION

Billion Electric Co., Ltd.

Year 2022

Report

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Annual Report Website:

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Letter to Shareholders

First of all, I would like to thank all shareholders for their support and encouragement to the Company in the past year. I would like to report to all shareholders the operating results in 2022 and future development strategies of the Company as follows:

1. 2022 Business Results

(1) Business policy and implementation overview

In 2022, Billion Electronic will focus on the global trend of net zero and carbon neutrality, as well as the key strategy of "2050 Net Zero Emissions Pathway" issued by the Taiwan government. Combined with power electronics and network communication technologies, Billion Electronic is committed to developing ICT solutions and actively developing green energy businesses to generate new operational momentum, including:

1. Billion Watts Energy Storage System Integration Service (SI) -design planning/construction of modems/one-stop operation and maintenance.
2. Billion Electronic's self-owned energy storage site participated in Taipower's AFC power trading platform-7.1MW has been launched (3MW under construction will be used Completed and online trading in 2023).
3. Billion Electronic Yilan Localized Energy Storage Container Assembly Plant-Provide energy storage products and OEM services.

Billion Electronic's main products include communication (routers, automotive and industrial Netcom), power and energy management (customized power supply and energy storage OEM), green energy business (energy storage and solar energy solution provision and investment in solar power plants and energy storage stations).

Due to the growth potential of 5 G FWA and in order to meet the application demand of 5 G IoT and the business opportunities of 5G private network, Billion Electronic launched LTE terminal equipment in 2022, which can support the connection speed up to 1200Mbps. In terms of 5G terminal equipment, in September 2022, the Company launched 5 G Sub-6 GHz ODU 8231 and obtained FCC CBSD certification, becoming the first product of 5 G CBSD in North America. In the same year Q4, the Company obtained OnGo®certification, and started to cooperate with North American cable TV operators by the end of 2022. In addition, the 5 G mm Wave high-speed transmission supports 2.5 Gigabit Ethernet interface, and the product has been tested by wireless service providers in North America.

In terms of M2M industrial equipment, we positioned our products based on smart vehicle and public safety, including smart busses, police cars, fire trucks, and other applications. The new model supports the M12 connector, and we launched a 5 G NR router targeting the M12 and FAKRA joints in the European vehicle market. With the design of the special connector, it can be installed correctly in any environment, and with the smart Ignition sense power detection function, it ensures that the battery is operating safely. The business strategy of M2M products focuses on the vertical market, with industrial Ethernet switches and 5G/LTE routers, suitable for automotive, industrial control, and image security applications.

In the power and energy management business, in addition to continuing to focus on niche customized power supply products, due to the increasing demand for renewable energy storage, the use of Yilan's localized assembly plant to increase the application range of energy storage products. In particular, according to the latest new energy allocation announced by the Ministry of Economic

Affairs in 2030, the proportion of green energy will increase to 30%, gas will maintain 50% and coal 20%, and the policy target of 100% market share of electric vehicles in 2040, Billion Electronic will start the layout of electric vehicles. At the end of 2022, the Company will invest in Jing Hao Energy and officially enter the ground-based photovoltaic 1500V inverter market, and is expected to launch electric vehicle charging piles, household and commercial energy storage products one after another. At the same time, Billion Electronic has also signed a cooperation agreement with Shift Clean Energy, a Canadian energy solution provider, on electric ship batteries and PwrSwäp battery exchange technology to help Taiwan's transportation industry save energy and reduce carbon emissions.

In terms of the subsidiary Billion Watts Technologies, we continue to add and optimize professional solar inverter product brands and projects. This year, the new business groups include: UHV SCADA monitoring system, and at the same time, we have introduced SolarEdge's Korean battery brand Kokam and legal firms.

Total Energies Group's subsidiary Saft, entered Taipower's "Trial Platform for Auxiliary Services and Reserve Trading" and the "Solar Photovoltaic Combined Energy Storage Policy" of the Bureau of Energy, Ministry of Economic Affairs. It further provides professional after-sales maintenance and bidding agent services, and is committed to the overall service provider steps to implement the "professional, neutral, development, and integration" development policy and continue to deepen the overall service force and appearance. It is also expected to continue to cultivate this market, expand market share, and create more shareholder value.

Billion Watts Technologies currently has four major product projects: sales of professional inverters, development and introduction of integrated monitoring systems, construction of energy storage systems, and construction of maintenance and engineering systems.

The first professional inverter sales: The indicator project completed the grid connection of the 77.52MWp ground-based project of Tainan Qigu in 2022, which is the largest single field of SolarEdge in the world. This year, we again obtained the 13MWp tender of the second phase of the Wushantou Reservoir to adopt the Shengqi SolarEdge project.

Development and introduction of the second integrated monitoring system: In addition to the UHV SCADA monitoring system, in January 2022, Pixel View officially passed the DREAMS software certification, becoming the first company in Taiwan whose hardware and software have passed the test.

Construction of the third energy storage system: Billion Watts Technologies has signed a total of 20 energy storage system integration cases, totaling 91.55MW, all of which are one-stop products and services, focusing on the functional development and expansion of EMS software, deepening the core of independent technology, and ensuring the flexibility of software services such as one-stop management and customization in most of the follow-up cases, with the goal of 50MW each year to expand the scale of energy storage in Taiwan.

Establishment of the fourth maintenance, operation, and engineering system: A total of 7 employees of Billion Watts have obtained the electricity dealer license from Taiwan Power Company. In addition to bidding on behalf of customers with the qualification of joint contractor in the bidding of resources, 15 professionals with licenses such as electromechanical and labor safety and the SolarEdge/Kokam brand training certificate, and established Taipei, Yunlin, Nanzi, and Longde direct construction engineering service bases to deepen the after-sales technical service capabilities of professional solar photovoltaic and energy storage equipment service providers.

(2) Implementation results of the business plan

The Company's consolidated net operating income for 2022 was NT \$1,211,418 thousand, with a gross profit margin of 24.5%, and the net profit per share after tax was NT \$0.41.

The Company's consolidated revenue in 2022 increased by NT \$162,471 thousand (15% increase) compared with 2021.

The revenue of the energy product line increased, and the total revenue of the two in 2022 was NT \$685,003 thousand, an increase of NT \$298,730 thousand from 2021, with a growth rate of 77%. In 2022, solar energy and energy storage are the driving force for the Company's operational growth. From the first quarter revenue accounted for 43%, it increased to 54% in the second quarter, 58% in the third quarter, and 65% in the fourth quarter on a quarterly basis.

(3) Financial income and expenditure and profitability analysis 1. Financial income and expenditure overview analysis:

Unit: NT \$thousand

Project	Year 2022	Year 2021	Difference	Difference%
Net operating revenue	1,211,418	1,048,947	162,471	15%
Gross profit	297,204	322,066	(24,862)	(8%)
Net operating profit	5,761	5,585	176	3%
Net profit (loss) for the year	50,866	35,524	15,342	43%

2. Profitability Analysis

Line Item	Project	Year 2022	Year 2021
Capital Structure	Debt to total assets ratio (%)	47.86	39.77
	Ratio of long-term capital to property, plant and equipment equipment ratio (%)	316.14	302.02
Profitability Analysis	Return on assets (%)	2.00	1.63
	Return on equity (%)	3.10	2.34
	Net profit rate (%)	4.20	3.39
	Earnings (loss) per share (NT \$)	0.41	0.28

(4) Research and development status

1. M2M products
2. LTE and 5G products
3. Niche power supply for industrial, automotive and medical applications
4. Intelligent renewable energy monitoring system software and hardware
5. Large-scale energy storage system and optical storage system
6. Electric Chun integration system
7. Energy storage center construction
8. Web Service provides third-party data integration system

2. 2023 Business Plan

(1) Business Policy

1. Continue to promote Billion Electronic's brand, strengthen its North American advantages, deploy in Europe, cultivate Asia, and strive for business opportunities in the 5G/4G communication market.
2. Actively establish relationships with telecom operators and system integrators, and strive for more M2M orders.
3. Continue to expand the LED Driver market to meet the needs of niche power supply products.
4. Establishment and sales of Power adapter standard products.
5. Manufacturing and sales of energy storage products.
6. Continue to penetrate the solar energy market and provide professional equipment and services to EPC and power plant investors.

7. Continuously provide energy storage and solar energy solutions and invest in solar power plants and energy storage power stations.
8. Provide professional integrated and diversified energy solutions, including one-stop services of engineering construction, operation and maintenance.

(2) Important production and sales policies

1. Develop high value-added and high-margin products to enhance overall competitiveness.
2. Establish a professional agency line for renewable energy equipment, further seek sales of advanced equipment such as AI monitoring equipment and energy storage equipment, and strengthen Taiwan's local design and manufacturing capabilities.
3. Develop self-owned and distributed products to establish a brand image as an international cross-border company.
4. Assist enterprises who are willing to reduce carbon emissions and comply with ESG regulations, design and plan their zero carbon emissions paths.
5. Build a one-stop renewable energy as a service company across Asia, spanning optoelectronics, energy storage, and smart grid.

3. Future development strategy of the Company

1. Continue to operate the brand, develop high value-added products, and develop new markets for 5G communications.
2. Continuously consolidating the advantages of solar photovoltaic projects plants, inverters, smart energy storage systems and maintenance, agency resource bidding, and asset management services.
3. Continue to strengthen EMS energy management (E-dReg/optical storage integration/demand, peak shaving and valley filling, and replenishment of backup/charging piles).
4. Continuously grasp the source of development, the ability to undertake turnkey projects, and the ability of front-end product technology and engineering management, and the competitive value of maintenance and warranty personnel.
5. Provide professional integration and diversified energy solutions, ranging from optoelectronics, energy storage, and smart grid.
6. Grasp the key strategic opportunities of the "2050 Net Zero Emissions Roadmap" to develop the markets for products and services in professional fields such as power systems and energy storage, regional power grids, power supply for resale, and AI analysis.

4. Impacts of external competitive environment, regulatory environment and overall business environment

The government is vigorously promoting and mandating the installation of renewable energy equipment through laws and regulations. It is expected that the installation of green energy and energy storage equipment in Taiwan will increase significantly in the future, and the market has a strong demand for high-quality products and services. Therefore, it is the best time to invest in this field. Billion Electronic will seize this opportunity to fully develop and invest in the field of green energy and energy storage.

o

Chairman Tim Chen Tribute

Company Overview

1. Date of establishment

Date of Incorporation: 26 March 1973

2. Company History

Founded on 26 March 1973, Billion Electric Co., Ltd. is committed to innovating products and adhering to quality policies based on sound finance and a steady and down-to-earth style. Major products include communication (routers, automotive and industrial Netcom), power and energy management (customized power supply and energy storage OEM), green energy business (energy storage and solar energy solution provision and investment in solar power plants and energy storage stations).

The company's major events are as follows:

◆ 1973 July	The company was established with a registered capital of NT \$six million, and initially focused on the production and sales of power transformers.
◆ 1976 July	US UL Family qualified for registration (UL No, E59748), so there was no only one in Taiwan at that time.
◆ 1992 July	Established the Communications Business Division.
◆ 1994 July	Established the Hsinchu Communications R & D Laboratory.
◆ 1997 August	Officially invested in EG-Billion (hereinafter referred to as "EG-Billion"), holding 100% of its equity.
◆ 1997 August	Capital increase by retained earnings and capital surplus, and make up for public issuance at the same time. Invested in Panama BILLION HOLDINGS INC., holding 100% of the company Equity.
◆ Jan., 2000	Officially listed and approved for OTC listing.
◆ September 2000	Capital increase by retained earnings and cash capital increase.
◆ March 2002	Launched wireless broadband firewall gateway at CeBIT in Germany.
◆ August 2002	Successfully transferred from OTC to listing.
◆ Mar., 2003	Launched Wireless ADSL Router with firewall and VPN functions at CeBIT2003 in Germany.
◆ May, 2003	The new plant of Dongguan Shijie Shenghengda Electronic Factory in mainland China broke ground.
◆ Oct. 2003	Invested in BILLIONTEK CORP. and held 100% equity of the company.
◆ Dec., 2003	Launched 802.11 g ADSL routers with QoS and WPA functions.
◆ Jan. 2004	Replaced the Company's LOGO and corporate identity, with kinetic energy, focus and discipline as the core spirit and core values.
◆ Mar. 2004	Launched the myGuard ADSL router series with anti-virus and anti-spam functions.
◆ Dec. 2004	Invested in Dongguan Shijie Shenghengda Electronic Factory in China through BILLIONTEK CORP..

◆ Dec. 2004	Invested in the establishment of BEC Technologies Inc., principally engaged in ADSL Sales of related products.
◆ Mar. 2005	The Board of Directors approved the merger with Che Chuan Technology Co., Ltd. The Company is the surviving company, and 3.9 shares of Che Chuan Technology were exchanged for 1 share of the Company.
◆ Aug., 2005	Launched the BiGuard series of professional high-end network security routers. Small enterprise users (SME) market.
◆ Feb. 2006	Received orders of broadband video routers for IP-TV services from North American telecom companies and Nordic telecom companies.
◆ Jun. 2006	ADSL2 + modem/router won the champion award "Editor's choice" in Australia, a leading other international brand.
◆ Jul. 2006	Broadband communication product VoIP wireless ADSL2 + firewall router won the "Computex 2006" from PC Professionell at the Computex Taipei. "Award".
◆ August 2006	Unveiled ADSL 2 + Coax/Phoneline IPTV gateway.
◆ August 2006	The power supply used in high-end audio and wireless amplifiers has obtained orders from major US manufacturers.
◆ Dec. 2006	The wireless router product won the "Wireless Router Award" award in Australia. Superior Brand Awards.
◆ Dec. 2006	The industry's first integrated SSL VPN, router, and firewall in one. BiGuard S10 SSL VPN gateway began to ship. Best Recommendation Award” from Trusted Reviews website.
◆ May 2007	In 2007, the Company launched its own brand BILLION network communication product broadband router in Australia. CeBIT was awarded the most popular broadband router brand.
◆ Jun. 2007	The shareholders' meeting approved the investment through an overseas company BILLION MARK TECHNOLOGY CO., LTD. to develop business in China and enhance R & D capabilities. Lisheng Yongda Technology (Nanjing) Co., Ltd.
◆ Jun. 2007	New Power Supply The power supply for the iPod base speaker began to be shipped.
◆ Feb., 2008	Launched a new design with dual WAN interfaces, VPN encryption support, and 3G support. 3G/ADSL2 + router series products for wireless USB network cards.
◆ Mar., 2008	The own brand BILLION network communication product BiGuard S6000 Gigabit dual WAN SSL/IPSec VPN security gateway has been awarded by the largest government financial institution in Taiwan, and approved by the Bank of Taiwan Suppliers.

◆ Oct., 2008	3.5G wireless router series has won praise from IT media such as Australia, the United Kingdom, and Sweden.
◆ Mar., 2009	The self-owned brand BILLION broadband modem has been ranked as the "Most Popular Broadband Modem Brand" in Australia for three consecutive years. The secure gateway BiGuard S3000 SSL VPN was evaluated by PC PRO, a renowned IT professional magazine in the UK. The Company won the "Best Recommendation" product.
◆ Jun., 2009	Computex Taipei showcased a series of the latest products and network solutions, including "Optical Fiber GPON/FTTx/VDSL2 Series", "Wireless Broadband 3G /HSPA router series products" , Power line network transmission combined with 802.11n AP and "SSL VPN SME Network Security Solution".
◆ August 2009	The newly developed 3.75G/HSUPA broadband router that supports network server functions and the industry's first wireless 802.11n power line Ethernet bridge have been successfully developed. Cross-border expansion into the home appliance market in China.
◆ Oct., 2009	Own-brand routers are praised by professional media in Australia and the UK; Best selection, best procurement, and the best choice of communication products.
◆ Nov. 2009	GPON fiber optic products have successfully received orders through North America strategic partners; We also work with European telecom equipment companies to conduct measurement points in Southeast Asia and other places.
◆ Dec., 2009	Deployed the smart grid Smart Grid market, and its Power Division was renamed the Power and Energy Management Division.
◆ Mar 2010	Hannover, Germany, exhibited a series of innovative products, including "Fiber to the Home FTTx Series" , "Smart Grid Series" , and "Fiber to the Home FTTx Series" . "DS2 Power Line Network Transmission Series" , "Multi-functional 3.75G/HSUPA" "Wireless routers" .
◆ Apr., 2010	Billion Electronic released Taiwan's first broadband power line communication (BPL) AMI smart grid series solution.
◆ September 2010	Billion Electronic's own brand network communication products in the UK and Australia were again rewarded with the 3.75 G wireless broadband router and high-speed wireless ADSL2 router "Buy" and "Editor' s Recommendation" awards.
◆ Oct., 2010	Canada' s second-tier subsidiary BEC Smart Energy Solutions Inc. primarily focuses on smart grid and energy management services in North America, Central and South America.

	<p>Billion Electronic participated in the "International 3-in-1 Green Energy Exhibition" held by Taipei World Trade Center for the first time-Taiwan International Solar Photovoltaic Forum and Exhibition, Taiwan International Green Industry Exhibition (TIGIS) and Asia Pacific Electric Power Industry Exhibition (CEPSI), and has developed a complete series of smart grids and smart grids for power and decentralized energy companies, electric vehicle charging station operators, government agencies, etc.</p> <p>Streetlight solutions.</p>
◆ Dec., 2010	<p>Billion Electronic successfully installed and set up 38 street lamps in the Dongguan factory with a site area of 63,000 square meters in mainland China as a testing site for smart street lamp management services, and combined with LCMS (smart street lamp management system) and So-Max (wireless microwave self-organization network) technology to achieve full automatic inspection of each LED street lamp every 10 minutes.</p> <p>exhibition.</p>
◆ Feb., 2011	<p>Billion Electronic exhibited the broadband power line access and coaxial cable Ethernet head and terminal equipment for the last mile on the Hannover CeBIT computer in Germany in 2011, providing high-speed broadband application integrated with multiple networks for power companies, telecommunications operators, and radio and television operators.</p> <p>Scheme.</p>
◆ Mar., 2011	<p>Under its government's long-term energy subsidy policy, Germany has become the world's largest solar market. In order to grasp business opportunities, Billion Electronic has participated in the 2011 Hannover Messe Hannover Industry Exhibition in Germany for the first time, and has also provided a variety of energy management solutions for distributed energy companies (including solar/wind) to display and use PLC and ZigBee technologies, and has also shown the application concept of wireless microwave smart street light management system service that has been piloted and successfully implemented in China's Dongguan Park on site, which has successfully attracted visits from customers from 49 countries in related industries.</p> <p>inquiries.</p>
◆ Apr., 2011	<p>The Company's own brand, BILLION, continued to be the "Most Popular Broadband Modem Brand" in Australia for five consecutive years. The wireless router products also won the 《Australian media》 Best of 2011: Best Product.</p>
◆ Dec., 2011	<p>Billion SG2097, the powerline Ethernet bridge specially designed for family energy-saving needs, obtained a new patent in Taiwan (patent number: M418481). Billion SG2097 Ethernet bridge is equipped with smart energy-saving functions.</p> <p>Construction power</p>
	<p>Remote monitoring of household electrical appliances to effectively improve the efficiency of household power management.</p>

◆ February 2012	<p>Billion Electronic participated in the Middle East Electricity 2012” of Dubai International Electrical and Electronic Lighting Industry Exhibition for the first time, exhibiting communication technologies such as broadband power lines, WiFi-Mesh, ZigBee based on the concept of three major themes Smart Grid, Smart Energy, Smart Lighting.”</p> <p>Smart grid and energy management solutions.</p>
◆ February 2012	<p>Billion Electronic cooperated with Tricon Co., Ltd., a professional technology agent, in China to jointly expand the emerging LED lighting market in mainland China, and fully promote Billion’ s high-performance LED driver product series to the LED lighting market in mainland China.</p> <p>Accelerate the market application and promotion of LED lighting products.</p>
◆ March 2012	<p>Exhibited the latest Wi-Fi Dual Band, FTTX, LTE series products at the Hanover Computer Show (CeBIT 2012), demonstrating the brand spirit of innovative research and development. At the same time, smart grid infrastructure, smart home energy-saving management, smart street lamp management, coaxial cable Ethernet and broadband power line network access solutions were exhibited.</p> <p>Scheme.</p>
◆ May 2012	<p>Launched the high-voltage large series LED driver series, which complies with the national standard and related technical specifications of "CNS 15233 Light Emitting Diode Road Lighting Fixtures for LED Street Lighting Project in Taiwan".</p>
◆ May 2012	<p>Under the theme of “Smart Networking, Smart Grid, Smart Energy, and Smart Lighting” , we gave a New meter networking products and smart energy-saving solutions.</p>
◆ Jul., 2012	<p>Cooperate with Tatung Co., Ltd., a system integrator, to participate in Taipower's low-voltage smart grid</p> <p>The AMI system test case successfully passed the test and won the procurement bid of Taipower.</p>
◆ August 2012	<p>Participated in the 11th China (Guangzhou) International Information Industry Week to display green energy conservation and IoT solutions, including four major product solutions, namely smart grid infrastructure, solar energy and wind energy management, smart home energy conservation management, and smart street lighting management.</p> <p>Solution.</p>
◆ August 2012	<p>The wireless smart energy management gateway Billion SG6200NXL has passed the ZigBee Alliance's Smart Energy Profile (SEP) standard specification, becoming the first smart energy solution provider in Taiwan to obtain ZigBee SEP certification</p> <p>supplier.</p>
◆ November 2012	<p>Collaborated with Power Tracker to become a strategic partner to provide solutions for smart energy management and home solar system management for the Australian home market</p> <p>Proposal.</p>

♦ Dec., 2012	The newly upgraded smart streetlight control management system solution (Intelligent Streetlight Control and Management System, LCMS), aiming at Business opportunities in the global streetlight replacement market.
♦ Jan., 2013	Launched the new G.hn power line Ethernet bridge BiPAC 2094 R3, and built in the Marvell ITU-T G.hn standard transceiver chipset certified by HomeGrid Forum.
♦ March 2013	Exhibited LTE mobile broadband router, G.hn power line Ethernet bridge, broadband power line access, home Automation and smart energy, smart grid, smart lighting and other solutions.
♦ August 2013	Triple-WAN ADSL2 + Wireless-N router BiPAC 7800NXL Received three major awards from renowned Australian magazines, namely "APC's Best Recommendation Award", "Smart Procurement Award", and "Top Award" (Hyper Rubber Stamp of Approval).
♦ September 2013	Announced the launch of a new LCMS smart lighting control system targeting energy technology service companies and lighting operators system.
♦ Oct., 2013	Billion Electronic's wireless router products won the "Best Brand Award" in the "Wireless Router" project by PC Pro Magazine in the United Kingdom.
♦ November 2013	Billion Electronic has formed a partnership with BC System Integrator in South Africa to launch smart management solutions to monitor and manage electricity consumption in real time in response to Users of the industry, plants and communities and the management committees' needs for power monitoring.
♦ January 2014	Announced that HomePlug AV 500 Powerline Ethernet bridge BiPAC P108 (BiPAC 2075 Dual Pack) won the "APC Best Performance Award" from Australian Magazine "Recommendation Award".
♦ March 2014	BEC Technologies, a U.S. branch, worked with Altair, a leading global LTE solution provider, to expand the wireless broadband 4G/LTE communication market in North America.
♦ June 2014	Billion Electronic Wireless ADSL2 + Router series products BiPAC 8800AXA won the Smart Procurement Award from PC PowerPlay, a professional magazine in Australia.
♦ September 2015	Billion Electronic's 4 G LTE industrial control router and smart street lamp management system LCMS won the 2015 Taipei International Electronics Show Science and Technology Innovation Award.

♦ October 2015	<p>Billion Electronic participated in the "Tomorrow Power Station" of the Green Trade Project Office of the Ministry of Economic Affairs to build a bicycle rental station for a sustainable green independent power generation system. It is expected to cooperate with Bike & Roll bicycle rental company in the United States from 2016, and conduct a pilot operation in New Jersey State Freedom Park.</p> <p>The pilot project fully demonstrates the strength of the smart energy management system.</p>
♦ January 2016	<p>Billion Electronic, a Taiwanese supplier of global M2M and 4 G LTE wireless broadband CPE, has cooperated with a major telecom operator in Southeast Asia and reached an agreement to start building the company's outdoor 4 G LTE CPE to a remote geographical area without prior network coverage. This outdoor 4 G LTE CPE project will be completed in 2016.</p> <p>The first quarter of 2016 began and continued until the end of 2016.</p>
♦ June 2016	<p>Billion Electronic, a leading smart city and IoT solution provider in the Asia Pacific Rim region, cooperates with Intraix and Singapore technology start-up companies to develop smart home management applications and helps NEA (National Environment Agency) accelerate the use of smart energy management systems under national policies</p> <p>Remove CO2 emissions from household electrical appliances.</p>
♦ November 2016	<p>Billion Electronic, M2M and leading providers of enterprise network communication solutions announce that the new series of M2M routers include M100, BiPAC 7820 NZ, BiPAC 8920NZ, which support dual WAN strong fault switching/failure recovery and VPN encryption functions to maintain the stability and security of data transmission, and can be applied to Kiosk, s. Pos, retail stores, ATM, etc.</p>
♦ December 2016	<p>Billion Electronic cooperated with two well-known LED lamp manufacturers in Taiwan in Nangang, Taipei City.</p> <p>The Company replaced more than 100 LED lights in Nangang District and township offices in Fuli Township, Hualien County, and introduced Billion Electronic's smart indoor lighting control management system-Inlight. Successful integration of sensors, Billion Electronic's communication equipment, data analysis and cloud management, Billion Electronic's IoT indoor lighting control solution effectively reduces power consumption and carbon dioxide emissions. Combined with automation, Billion Electronic has improved the comfort of the overall office environment and helped rural areas</p> <p>Municipal offices reduced energy waste by 20%.</p>
♦ December 2016	<p>With the support of the Technology Department of the Ministry of Economic Affairs, Billion Electronic held the "Seminar on Promoting the Internet of Things Ecosystem and Creating Diversified Business Opportunities" on December 6. Billion Electronic played the role of a global network equipment supplier, focusing on the development trend of Internet of Things for smart energy management and street lighting control systems, equipment fast Internet value-added vertical industry services, and the Internet of Things technology were introduced into residential buildings, factories, buildings, chain stores, solar energy, street lights, cities, etc., and deeply explored from</p>

various aspects such as industry, technology, marketing, and application.
anatomy.

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- ◆ January 2017 Billion Electronic's smart street lighting management solution, Billion LCMS, won the 25th Taiwan Excellence Award 2017 organized by the Bureau of Foreign Trade, Ministry of Economic Affairs. Billion Electronic LCMS integrates three broadband communication technologies such as broadband power line transmission/broadband wireless/mobile broadband and the Billion back-end cloud management system, and combines with a variety of smart city applications such as temperature and humidity sensors, public signs, security monitoring, etc.
Smart lighting control management.

 - ◆ October 2017 Billion Electronic' s LCMS-smart cloud broadband street light energy-saving control solution won the "Enterprise Excellence and Innovation Award" in the 2017 Innovation and Smart Application Competition hosted by the Industrial Technology Research Institute, and the LCMS engineering manager received the award at the opening ceremony of the Taipei International Electronics Show. In addition, LCMS was also exhibited at the Taitronic at the Computex Taipei.
Professionals such as integrators and government units come to the market.

 - ◆ March, 2018 Billion Electronic partnered with a Canadian wireless and networking solution provider to launch ADSL/VDSL router series-BiPAC 8700 NEXL R3 and 8700 VNXL. BiPAC series 8700 passed Bell Telecom Canada We successfully obtained certification for our VDSL modem testing.

 - ◆ October 2018 Billion Electronic' s BiPAC 8200 AXL-1200 successfully integrates the high-speed modules (CAT11 and CAT12) of multiple global IoT&M2M wireless solution providers, and the download rate can reach 600 Mbps. It can also integrate specific transmitters through the USB interface and use the unlicensed spectrum 5GHz to have 4G LTE-like performance.

 - ◆ November 2018 Completed the sale of 70% stake in Dongguan Shijie Shenghengda Electronic Factory, a subsidiary of the Company.

 - ◆ March, 2019 Billion Electronic introduces high availability LTE broadband connectivity and dual WAN failover
Real-time location tracking of industrial control/vehicle router-M120N.

 - ◆ Jun. 2019 Billion Electronic introduces professional users to create firmware that can develop, add or modify equipment, support
-

open source (OpenWrt) router-BiPAC 8200AX/8200AXL.

♦ November 2019	<p>Billion Watts Technologies, a subsidiary of Billion Electronic, released the latest ESS-</p> <p>This energy storage system can be used as an auxiliary service to maintain the power grid</p> <p>The power supply was stable, and the first energy storage system was installed and delivered.</p>
♦ December 2019	<p>The R & D team of Billion Electronic combines the demand of mobile communication and Wi-Fi application</p> <p>The M600-PT vehicle-mounted and public safety router is developed and designed. The Ethernet interface of the device uses the M12 connector to ensure a firm and stable connection. It is planned that the product will pass the vehicle E-Mark certification and the ITxPT professional certification.</p>
♦ March, 2020	<p>Billion Electronic successfully executed in the low temperature-40 °C solar farm with its BiPAC 4700 Outdoor LTE and Billion M2M series routers. This solution helps a major Japanese system integrator to pass the first-mover advantage in a harsh rural environment</p> <p>Introduction of LTE technology to enable remote control on-site equipment.</p>
♦ May 2020	<p>Billion Electronic established a factory in Yilan to provide one-stop service from battery module welding to production testing in response to the demand in the energy storage market.</p>
♦ May 2020	<p>Billion Electronic introduces the three-card single-standby with flexible multi-SIM or multi-WAN failover options for uninterrupted internet services between mobile operators.</p> <p>VPN routers BiPAC 121P.</p>
♦ September 2020	<p>Billion Electronic exhibited the energy storage cabinet assembled with laser welding in the "Taiwan International Smart Energy Week Energy Taiwan", using high-efficiency energy storage battery cells for high-density and high-precision packaging, providing customized system integration solution services, including: Battery Module (Pack), Energy Storage Inverter (PCS), Battery Management System (BMS), and Energy Management System (EMS).</p> <p>Industrial fields, large power users, power transmission and distribution stations or power plants.</p>
♦ September 2020	<p>Billion Electronic launched the first onGoTM certified LTE CPE-CBSD (Public Broadband Wireless Access Device) ODU-6900 R21G in North America.</p>
♦ October 2020	<p>Billion Electronic started to establish the first energy storage system at the Yilan Plant to participate in the Taipower auxiliary service.</p>
♦ October 2020	<p>Billion Electronic launched the integration of EWAN, LTE and VDSL and ADSL2 with synchronous dual-band wireless access transmission, with a SIM card slot to connect with LTE mobile network exclusive</p> <p>A cutting-edge router designed for SOHO and general household</p>

- ◆ October 2020 Billion Electronic launched the integration of EWAN, LTE and VDSL and ADSL2 with synchronous dual-band wireless access transmission, with a SIM card slot to connect with LTE mobile network exclusive
A cutting-edge router designed for SOHO and general household
BiPAC 8206AZ.
 - ◆ February 2021 Launched the 5 G Sub-6GHz indoor router 5500A, which adopts the latest 5G modules and supports Gigabit Ethernet interface and Wi-Fi 5 wireless local network. 5 G Sub-6GHz outdoor router 5700 can support both LTE and 5G wireless communication technologies (EN-DC) at the same time to provide higher-speed fixed wireless broadband (FWB) access
Demand for speed.
 - ◆ Jun. 2021 Billion Watts Technologies, a subsidiary of Billion Electronic, officially launched the SG6400NZZ PV Gateway monitoring equipment for the photovoltaic power generation system gateway in response to the government's renewable energy development and the need for on-site monitoring for the installation of renewable energy power generation systems with a capacity of more than 1MW, and announced that it has become the monitoring equipment for renewable energy through Taipower's Distribution Renewable Energy Management System (DREAMS)" .
The Company is a qualified manufacturer.
 - ◆ Jun. 2021 Billion Electronic has launched a more complete product series to meet the needs of various CBRS s, including the MX-241NP, an indoor LTE-A Cat. 4 router with excellent product functions, and the Cat. 15/Cat. 18 CBR of the high-speed outdoor LTE-A Pro
Regulatory 7000 R28/R26.
 - ◆ November 2021 Billion Electronic Billion M120N wireless broadband dual-card single-standby router.

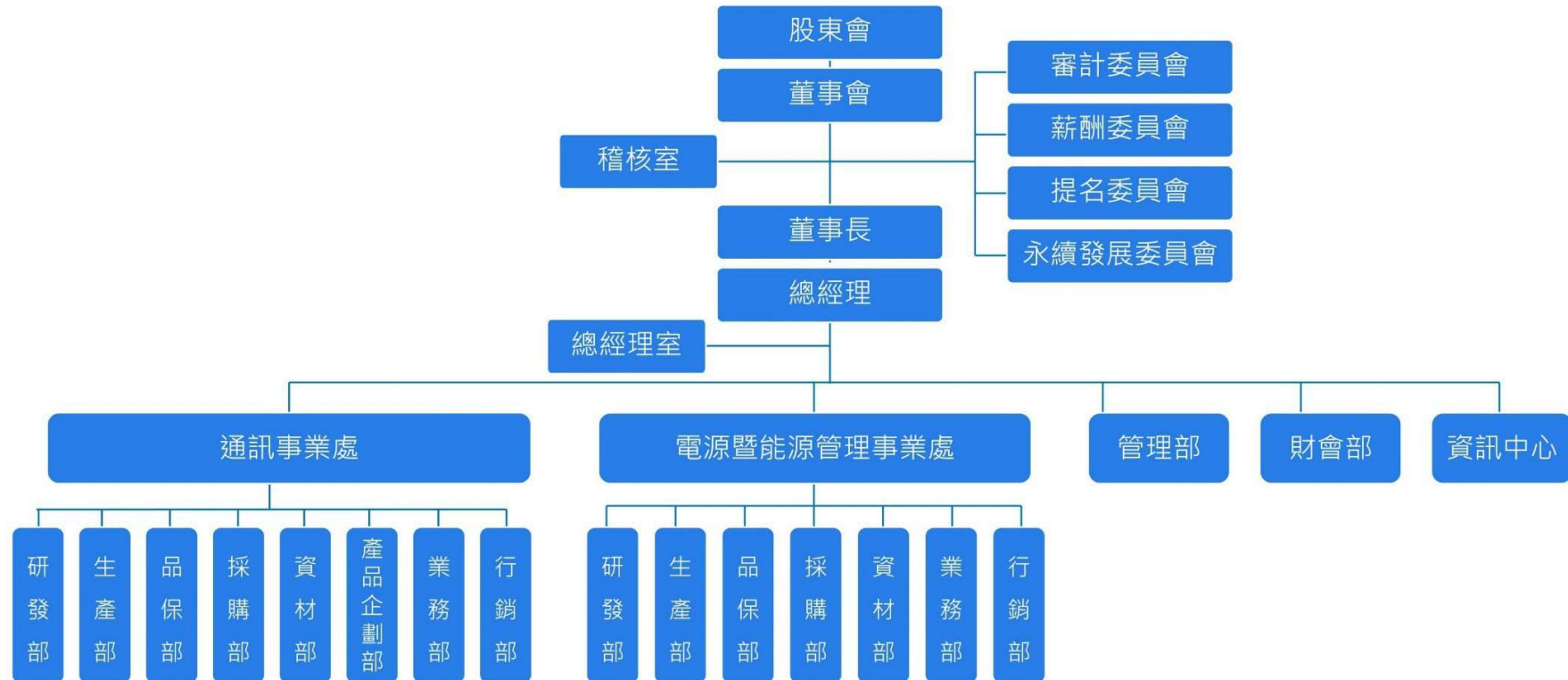
The IoT information security testing standards formulated by the Taiwan Information and Communication Industry Standards Association (TAICS) have obtained the IoT information security label and won the TAICS "2021 IoT Information Security Excellence Award", becoming the network communication equipment that will be given priority to purchase by domestic public and private sectors.
 - ◆ December 2021 Billion Electronic Yilan Suao MW grid-level smart energy storage system officially passed the Taipower AFC frequency regulation auxiliary service communication and execution ability test. A total of 12 employees of the Group passed the first phase of Taipower's electricity trading platform professional qualification test and on-board training, becoming a qualified private trader of Taipower's "Day-Ahead Auxiliary Service Market" to assist customers.
Participate in power trading platforms.
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◆ January 2022	The Lungteh Energy Storage site passed the Taipower AFC dynamic frequency regulation and backup support service communication and execution ability test.
◆ Apr. 2022	Billion Electronic Yilan Toucheng 2.3MW, Long De 2.3MW, and Lize 2.5MW energy storage field passed the on-site IEC/CNS 62933-5-2 field verification technical specification.
◆ May 2022	Officially shipped 350W mine electromechanical sources.
◆ August, 2022	Toucheng Energy Storage Project passed the Taipower's AFC dynamic frequency regulation backup assistance service communication and execution ability test.
◆ September 2022	Launched the BEC MX-200 PL9 high-level industrial router, an industrial-grade router with high performance and fast connectivity designed to provide reliable and secure connections between various M2M/IoT and devices in industrial communication applications, designed for limited installation space. With two Ethernet interfaces, it has configurable LAN/WAN options and a RS-232 serial interface. It can be connected to serial devices, active GPS and enterprise-level functions through IP, such as advanced security mechanism, service quality (QoS), SPI firewall, integrated VPN, automatic failover, which can achieve borderless normal operation time and network redundancy. It is managed by BEC cloud-based equipment management platform BECentral® to expand Promote visibility and maximize deployment efficiency.
◆ October 2022	Launched North America's first BEC AirConnect®8231 outdoor 5G router certified by FCC Part 96 CBRS and OnGo®, which can be applied to various fixed wireless access (FWA) markets, and provide users with a broadband experience that surpasses competitors to provide extremely high data speed, lower latency, and higher reliability. Extensive coverage and larger network capacity.
◆ November 2022	Launched M600-M12-FA 5G, a 5 G NR router with M12 and FAKRA joints for the European vehicle-mounted market, with M12 strong anti-vibration design, which can stably connect to the vehicle equipment, and the FAKRA connector design of 5G/Wi-Fi/GPS. The field personnel can correctly install in any environment, combined with 5G high bandwidth, low latency characteristics, and high-speed transmission of vehicle information. Smart Ignition Sensing power detection The test function ensures the battery operation of the vehicle.
◆ December 2022	Signed an exclusive distribution cooperation agreement for energy storage solutions in Taiwan with Shift Clean Energy (Shift), a Canadian energy solution provider.

Corporate Governance Report

1. Organization

(1) Organizational Structure-1. Organizational Chart



2. Business of major departments

Department door	Main Important Position Functions
President Office	Execute coordinated project plans and assist each business division or department to establish or improve operational plans. Planning.
Audit Audit Office	Evaluate and track the soundness and reasonableness of the Company's internal control systems and various management systems and effectiveness.
Pipes Manager Department	Establishment and implementation of management system. Shareholder relations and stock affairs. Planning and management of human resources, labor relations, education and training. Employee performance appraisal. General affairs administration and fixed asset management.
IT Center	Planning and integration of information system. Network communication connection and management.
Financial Meeting Department	Fund scheduling. Investment and financial planning. Accounting, finance and other matters.
Power & Energy Managemen t Division	Responsible for planning and executing the R & D, manufacturing and sales of power and energy storage products. Responsible for planning and implementing the production and quality policy of power and energy storage products. Responsible for the procurement policy and warehouse management of raw materials for power and energy storage products.
Communications Business Division	Responsible for planning and executing the R & D, manufacturing and sales of communication products. Responsible for planning and executing the production and quality policy of communication products. Purchasing policy and warehousing management of raw materials for communication products. Responsible for planning and expanding global sales policies.

2. Information of Directors, General Manager, Deputy General Manager and Major Managers

(1) Information on Directors

1. Information on Directors

9 April 2023

Job title (Note1)	Nationality or place of registration	Name	Gender Age (Note 2)	Date Elected	Term	Date First Elected (Note 3)	Shares Held When Elected		Cash In Shares Held		Shares Currently Held by Spouse and Minor Children		Shares held in the name of others		Major Education (Experience) (Note 4)	Concurrent positions in the Company and other companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship Director or Supervisor			Remark (Note5)
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Job title	Name	Relation	
Chairman	R.O.C.	Tim Chen	Male Aged 60	110.08.20	3 Year	86.11.05	17,021,971	17.22%	17,559,971	15.27%	1,674,917	1.46%	-	-	Master of Information Engineering, University of Mississippi IBM Taiwan Software Engineer	(Note 6)	Manager	Li-Li Chang	Couple	
Director	R.O.C.	Hong-Jheng Chen	Male Aged 60	110.08.20	3 Year	110.08.20	1,059	0.00%	52,059	0.04%	-	-	-	-	Master of Computer Engineering, National Chiao Tung University Senior Manager	President	-	-	-	
Director	ROC	Ming Guo	Shih-Che 71 years old	110.08.20	3 Year	86.11.05	1,028,350	1.04%	1,065,350	0.93%	6,144	0.00%	-	-	Senior Engineer, Chung-Hua University of Technology	Special Assistant	-	-	-	
Director	R.O.C.	Kun-Chin Tsai	Male Aged 70	110.08.20	3 Year	110.08.20	224,000	0.22%	295,000	0.26%	-	-	-	-	Chiang-Shu High School Mxtonne Electronics (Dongguan) Co., Ltd. Chairman	Nil.	-	-	-	
Independent Director	R.O.C.	Yung-Yen Chen	Male 50 years old	110.08.20	3 Year	101.06.27	0	-	0	-	-	-	-	-	Ph.D. in Finance, Northva Southeast University, USA International Trade, Chinese Culture University Assistant Professor	Nil.	-	-	-	
Independent Director	R.O.C.	Chun-Yao Li	Male 50 years old	110.08.20	3 Year	101.06.27	0	-	0	-	-	-	-	-	Ph.D., Institute of Electrical Engineering, National Taiwan University of Science and Technology Department of Electrical Engineering, Chung Yuan Christian University Associate Professor	Nil.	-	-	-	

In de pe nd en t Di re ct or	E xe cu ti ve	R.O. C.	Lin Chang Hua	Male Aged 59	110.08.20	3 Year	110.08.20	0	-	0	-	-	-	-	-	Ph.D., Institute of Electronic Engineering, National Taiwan University of Science and Technology National Taiwan University of Science and Technology Professor of Department	Nil.	-	-	-	
In de pe nd en t Di re ct or	E xe cu ti ve	R.O. C.	Kuo- Hui Ning	Male 71 years old	110.08.20	3 Year	110.08.20	0	-	0	-	-	-	-	-	Master of Finance and Taxation, National Chengchi University Ministry of Finance Committee Secretary General	(Note 7)	-	-	-	

Note 1: For institutional shareholders, their names and representatives shall be stated (for representatives, the names of institutional shareholders they represent shall be indicated respectively) and filled in Table 1. Note 2: Please list the actual age and express it in a range, such as 41-50 years old or 50-60 years old.

Note 3: Please indicate the date the person first served as a director or supervisor of the Company. If there is any interruption, please indicate.

Note 4: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.

Note 5: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase the number of independent directors, and there shall be more than half of the directors who do not concurrently serve as employees or managers).

Note 6: Currently concurrently serving as the chairman and general manager of Billion Watts Technologies Co., Ltd., the chairman of Billion Sunpower Co., Ltd., the chairman of Billion Energy Storage Technology Co., Ltd., the chairman of Billion Energy Storage Technology Co., Ltd., the chairman of Foremost Energy Storage Technology Co., Ltd., the chairman of Taichuang Energy Co., Ltd., the chairman of Billion Industrial Co., Ltd., and the chairman of Billion Energy Co., Ltd.

Note 7: Currently, he is also an independent director of Long Bon International Co., Ltd., an independent director of Songgang Digital Cultural and Creative Co., Ltd., and an independent director of Sanyo Industrial Co., Ltd.

2. Major shareholders of corporate shareholders: None.

3. Major Shareholders of Institutional Shareholders: None.

4. Disclosure of professional qualifications and independence of directors:

Name	Professional qualifications and experience (Note 1)	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director Numbers
Tim Chen	<p>Master of Information Engineering, University of Mississippi IBM Program designer. Currently serves as the chairman of Billion Electric Co., Ltd., the chairman and general manager of Billion Watts Technologies Co., Ltd., and the chairman of multiple companies including Jing-Hao Energy Co., Ltd. With more than five years of work experience in business, finance and corporate business, and professional experience and ability in professional management leadership, marketing, operation management and strategic planning Leading in the industry and moving towards sustainable management.</p>	Not applicable.	0
Hong-Jheng Chen	<p>Graduated from the Graduate Institute of Computer Engineering, National Chiao Tung University, and served as the Senior Manager of Lianqi Technology. Current General Manager of Billion Electric Co., Ltd. With more than five years of work experience required by the company's business, professional management, operational judgment, leadership and decision-making, and Professional experience and capabilities in information technology R & D.</p>	Not applicable.	0
Shih-Che Chien	<p>Graduated from the Department of Electrical Engineering, Chung Hua University of Technology, and used to be the engineer of Tatung Company. At least five years of risk management, information technology, and business marketing Professional experience and capabilities.</p>	Not applicable.	0
Kun-Chin Tsai	<p>Graduated from the Chiang Shu High School, and is currently the chairman of the board of directors of Transton Electronics (Dongguan) Co., Ltd. With more than five years of work experience in business, corporate business, and extensive professional knowledge in the electronics industry and international markets. Experience in knowledge and practice.</p>	Not applicable.	0

Yung-Yen Chen	Graduated from the PhD in Finance of the Southeast University in Northva, USA, and is currently an assistant professor in the Department of International Trade of Chinese Culture University. A professional (assistant) professor at a public or private college or university with five or more years of experience in the field of corporate business. Specialized in finance, risk management and other professional affairs.	1. The person, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates. 2. Not a natural-person, spouse, or relative within the second degree of kinship (or held by the person under others' names) hold shares in the Company.	0
Chun-Yao Li	Ph.D., Institute of Electrical Engineering, National Taiwan University of Science and Technology, currently an associate professor in the Department of Electrical Engineering, Chung Yuan Christian University. Has more than five years of professional experience as a professor in a public or private junior college, college or university. Specialized in electrical engineering and information technology.	3. Not serving as a director, supervisor or employee of a company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).	0
Lin Chang Hua	Graduated from the Department of Electronic Engineering, National Taiwan University of Science and Technology, and is currently a full-time professor of the Department of Electrical Engineering, National Taiwan University of Science and Technology. Qualified as a professor in a public or private junior college, specializing in electrical engineering, information technology, etc. domain.	Not a professional who provides commercial, legal, financial, accounting, or related services to the Company or any affiliate of the Company in the past 2 years.	0
Kuo-Hui Ning	Graduated from the Department of Finance and Taxation of National Chengchi University with a master's degree, served as the secretary general of the Securities and Futures Management Committee of the Ministry of Finance, and is currently an independent director of many companies such as Billion Electric Co., Ltd. and Long Bon International Co., Ltd. With more than five years of work experience in finance, accounting or corporate business. Extensive practical experience.		3

Note 1: None of the directors of the Company is under any of the categories stated in Article 30 of the Company Act.

5. Diversity and Independence of the Board of Directors:

(1) Board diversity:

The current Board of Directors of the Company consists of 8 directors, including 4 non-executive directors and 4 independent directors, of which 5 directors are between 50 and 60 years old, and 3 directors are between 61 and 71 years old; In addition, for the current position, three directors are university professors or above, one director is an independent director of other listed companies, and one director is the chairman of the industry company. The members of the board of directors of the company have work experience and expertise in operation management, industry knowledge, finance and strategic management, which are diversified.

The implementation of the board diversity policy of is as follows:

Diversified core Name		Nationality	Gender	Concurrent employee	Age	Term of Independent Directors		Operational judgment	Accounting and financial analysis	Ability to conduct management administration	Crisis Handling Procedures	Industry Knowledge	International market perspective	Leadership	Decision-making ability		
						Less Than 1 Year	More Than 5 Years										
Director	Tim Chen	R.O.C.	Male	V.	Aged 60			V.	V.	V.	V.	V.	V.	V.	V.	V.	
	Hong-Jheng Chen		Male	V.	Aged 60			V.	V.	V.	V.	V.	V.	V.	V.	V.	V.
	Shih-Che Chien		Male	V.	71 years old			V.		V.	V.	V.	V.	V.	V.	V.	V.
	Kun-Chin Tsai		Male		Aged 70			V.	V.	V.	V.	V.	V.	V.	V.	V.	V.
Independent Directors	Yung-Yen Chen	R.O.C.	Male		50 years old		V.	V.	V.	V.	V.	V.	V.	V.	V.	V.	
	Chun-Yao Li		Male		50 years old		V.	V.		V.	V.	V.	V.	V.	V.	V.	
	Lin Chang Hua		Male		Aged 59	V.		V.		V.	V.	V.	V.	V.	V.	V.	V.
	Kuo-Hui Ning		Male		71 years old	V.		V.	V.	V.	V.	V.	V.	V.	V.	V.	V.

(2) Independence of the Board of Directors:

The board of directors of the company emphasizes the function of independent operation and transparency, guides the company's strategy, and exercises its powers in accordance with laws and regulations. As required by the articles of association of Billion Electronic, the nomination system is adopted for director candidates. All director candidates must be nominated and reviewed, approved by the board of directors, and sent to the general meeting for election. Among the current structure of the board of directors, independent directors account for 50%, and non-independent directors account for 50%. Among them, three directors are employees/managers and comply with the provisions of paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act. There is no spouse or second-degree of internal relationship between directors.

(2) Information on the President, Vice Presidents, Assistant Vice Presidents, and the Supervisors of All the Company's Divisions and Branch Units

9 April 2023

Job title (Note 1)	Nationality	Name	Gender	Date of appointment	Shares held		Shares held by spouse and minor children		Shares held in the name of others		Experience (Education) (Note 2)	Concurrent positions in other companies	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Job title	Name	Relation
President	R.O.C.	Hong-Jheng Chen	Male	108.04.01	52,059	0.04%	-	-	-	-	Department of Computer Engineering, National Chiao Tung University Research Institute of Electrical Engineering, ITRI Senior Manager	Nil.	-	-	-
Director	R.O.C.	Bill Chiu	Male	94.07.22	20,512	0.02%	-	-	-	-	Taipei Institute of Technology Senior Engineer of Meige Technology	Shengwei Energy Storage Director of Kinerogy Corp.	-	-	-
Chief Financial Officer	R.O.C.	Shu-Mei Chang	Female	111.03.01	40,000	0.03%	-	-	-	-	Department of Law, National Chengchi University Chief Financial Officer of Tatung Company	Shengri Energy Storage, Directors of four companies, namely Shanda Energy Storage, Jinhai Energy and Shengyi Energy	-	-	-

Accounting Officer	R.O. C.	Lisa Su	Female	106.11.13	0	-	-	-	-	Master, National Chung Hsing University Deputy Manager, Deloitte Taiwan	Nil.	-	-	-
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Note 1: All positions equivalent to President, Vice President, or Assistant Vice President shall be disclosed regardless of job titles.

Note 2: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.

(3) Remuneration paid to directors (including independent directors), president and vice presidents in the most recent year

1. Remuneration to Directors (including Independent Directors)

2022 Unit: NT \$thousands; Percentage%

Job title	Name	Remuneration of Directors								A、B、C and D as a percentage of net profit after tax (Note10)		Relevant Remuneration Received by Directors Who are Also Employees								A、B、C、D、E、F and G Ratio (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 11)
		Remuneration (A) (Note2)		Pension (B)		Remuneration to Directors (C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Pension (F)		Employee Compensation (G) (Note 6)						
		The Company	Companies in the consolidated financial statements (Note7)	The Company	Companies in the consolidated financial statements (Note7)	The Company	Companies in the consolidated financial statements (Note7)	The Company	Companies in the consolidated financial statements (Note7)	The Company	Companies in the consolidated financial statements (Note7)	The Company	Companies in the consolidated financial statements (Note7)	The Company		All Consolidated Entities (Note 7)		The Company	Companies in the consolidated financial statements (Note7)			
Director Chairman	Chen Zho ng Grand Palace	120	120	0	0	45	113	0	0	0.41	0.58	2,242	2,242	0	0	47	0	47	0	6.15	6.32	0
Director	Hung Chen Administrative	120	120	0	0	45	45	0	0	0.41	0.41	2,471	2,471	0	0	47	0	47	0	6.72	6.72	0
Director	William Chen Zhe	120	120	0	0	45	45	0	0	0.41	0.41	716	716	0	0	19	0	19	0	2.21	2.21	0

Director	Kun Tsai Purchase	120	120	0	0	45	45	30	30	0.49	0.49	0	0	0	0	0	0	0	0	0.49	0.49	0
Independent Directors	Chen Yonga.	240	240	0	0	45	45	100	100	0.96	0.96	0	0	0	0	0	0	0	0	0.96	0.96	0
Independent Directors	Li Jun YAO YAO	240	240	0	0	45	45	95	95	0.95	0.95	0	0	0	0	0	0	0	0	0.95	0.95	0
Independent Directors	Chang - Lin China	240	240	0	0	45	45	100	100	0.96	0.96	0	0	0	0	0	0	0	0	0.96	0.96	0
Independent Directors	Kuo - Ning Ni ng Fine	240	240	0	0	45	45	95	95	0.95	0.95	0	0	0	0	0	0	0	0	0.95	0.95	0

* Except as disclosed in the above table, the remuneration received by the directors of the Company for providing services (such as serving as a consultant that is not an employee) to all companies in the financial report in the most recent year:

Range of Remunerati on

Range of Remuneration Paid to Directors	Name			
	Total of (A + B + C + D)		Total of (A + B + C + D + E + F + G)	
	The Company (Note 8)	Companies in the consolidated financial statements (Note 9) H	The Company (Note 8)	Companies in the consolidated financial statements (Note 9) I
Less than NT \$1,000,000	Tim Chen, Hong-Jheng Chen, Shih-Che Chien, Kun-Chin Tsai, Yung-Yen Chen, Chun-Yao Li Lin Chang Hua, Kuo-Hui Ning	Tim Chen, Hong-Jheng Chen, Shih-Che Chien, Kun-Chin Tsai, Yung-Yen Chen, Chun-Yao Li Lin Chang Hua, Kuo-Hui Ning	Shih-Che Chien, Kun-Chin Tsai, Yung-Yen Chen, Chun-Yao Li, Lin Chang Hua, Kuo-Hui Ning	Shih-Che Chien, Kun-Chin Tsai, Yung-Yen Chen, Chun-Yao Li, Lin Chang Hua, Kuo-Hui Ning
NT \$1,000,000 (inclusive) ~ NT \$2,000,000 (exclusive)	-	-	-	-
NT \$2,000,000 (inclusive) ~ NT \$3,500,000 (exclusive)	-	-	Tim Chen, Hung-Cheng Chen	Tim Chen, Hung-Cheng Chen
NT \$3,500,000 (inclusive) ~ NT \$5,000,000 (exclusive)	-	-	-	-
NT \$5,000,000 (inclusive) ~ NT \$10,000,000 (exclusive)	-	-	-	-
NT \$10,000,000 (inclusive) ~ NT \$15,000,000 (exclusive)	-	-	-	-
NT \$15,000,000 (inclusive) ~ NT \$30,000,000 (exclusive)	-	-	-	-
NT \$30,000,000 (inclusive) ~ NT \$50,000,000 (exclusive)	-	-	-	-
NT \$50,000,000 (inclusive) ~ NT \$100,000,000 (exclusive)	-	-	-	-
Over NT \$100,000,000	-	-	-	-
Grand total	8 people	8 people	8 people	8 people

Note 1: The names of directors shall be listed separately (for institutional shareholders, the names of institutional shareholders and their representatives shall be listed separately) and the amount of remuneration paid to them shall be disclosed collectively. Note 2: Refers to the remuneration of directors in the most recent year (including directors' salary, job bonus, severance payment, various bonuses, incentives, etc.).

Note 3: The amount of directors' remuneration approved by the board of directors in the most recent year is included.

Note 4: Business expenses paid out to directors in the most recent year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation.

Note 5: Salary, job-related allowances, separation pay, various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation allowance and driver allowance received by Directors who concurrently serve as employees (including General Manager, Deputy General Manager, other managerial officers and employees) in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation. In addition, the salary expenses recognized in accordance with IFRS 2 "Share-based Payment", including obtaining employee stock option certificates, restricting employee rights new shares, and participating in cash capital increase subscription shares, should also be included in the remuneration.

Note 6: Refers to those who have received employee remuneration (including stocks and cash) for directors concurrently serving as employees (including concurrently serving as general manager, deputy general manager, other managers and employees) in the most recent year, and the amount of employee remuneration approved by the board of directors in the most recent year shall be disclosed. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated in proportion to the actual distribution amount last year, and the attached Table 1-3 shall be filled in.

Note 7: Total remuneration in various items paid out to this Company's directors by all

companies (including this Company) listed in the consolidated statement shall be disclosed.

Note 8: The name of each director shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the director by the Company.

Note 9: The total amount of all the remuneration paid to each Director of the Company by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed. The name of each Director shall be disclosed in the range of remuneration corresponding to the total amount mentioned in the preceding sentence.

Note 10: Net profit after tax refers to the net profit after tax in the most recent year; If the International Financial Reporting Standards have been adopted, the after-tax net profit refers to the after-tax net profit of the individual or individual financial report in the most recent year. Note 11: a. This column shall clearly indicate the amount of remuneration received by the directors of the Company from the reinvested business other than the subsidiaries.

b.If a director of the Company receives remuneration from the invested companies other than the subsidiaries, the remuneration received by the director of the Company from the invested companies other than the subsidiaries shall be included in column I of the remuneration range table, and the name of the column shall be changed to "all invested companies". c. The remuneration refers to the remuneration, compensation (including compensation of employees, directors and supervisors) and business execution expenses received by the directors of the Company for serving as directors, supervisors or managers in the reinvestment business other than the subsidiary.

* The remuneration disclosed in this table is based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of this table is for information disclosure, instead of taxation.

2. Remuneration to supervisors: Not applicable.

3. Remuneration of President and Vice President

2022 Unit: NT \$thousands; Percentage%

Job title	Name (Note1)	Salary (A) (Note2)		Retirement pension (B)		Bonuses and Allowances (C) (Note3)		Employee Compensation (D) (note4)				A, B, C and D Total of the four items as a percentage of net income after tax (%) (note8)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note9)
		The Company	Financial reports In the report	The Company	Financial reports In the report	The Company	Financial reports In the report	The Company		All companies included in the financial statements (Note 5)		The Company	Financial reports In the report	
								Amount paid in cash	Stock Amount	Amount paid in cash	Stock Amount			
President	Hong-Jheng Chen	1,773	1,773	0	0	698	698	47	0	47	0	6.31	6.31	0

Range of Remuneration

Range of Remuneration Paid to President and Vice Presidents	Name of President and Vice President	
	The Company (Note 6)	All companies included in the financial report E (Note 7)
Less than NT \$1,000,000	-	-
NT \$1,000,000 (inclusive) ~ NT \$2,000,000 (exclusive)	-	-
NT \$2,000,000 (inclusive) ~ NT \$3,500,000 (exclusive)	Hong-Jheng Chen	Hong-Jheng Chen
NT \$3,500,000 (inclusive) ~ NT \$5,000,000 (exclusive)	-	-
NT \$5,000,000 (inclusive) ~ NT \$10,000,000 (exclusive)	-	-
NT \$10,000,000 (inclusive) ~ NT \$15,000,000 (exclusive)	-	-
NT \$15,000,000 (inclusive) ~ NT \$30,000,000 (exclusive)	-	-
NT \$30,000,000 (inclusive) ~ NT \$50,000,000 (exclusive)	-	-
NT \$50,000,000 (inclusive) ~ NT \$100,000,000 (exclusive)	-	-
Grand total	1 person	1 person

Note 1: The names of the General Manager and Deputy General Manager shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If a Director concurrently serves as the General Manager or Deputy General Manager, his/her name and the amount of remuneration paid to him/her shall be listed in Table 4.

Note 2: Fill in the salary, job-related allowances and severance pay received by the General Manager and Deputy General Manager in the most recent fiscal year.

- Note 3: Refers to other remuneration such as bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, corporate vehicle or other in-kind benefits made to the President and Vice Presidents in the most recent year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation. In addition, the salary expenses recognized in accordance with IFRS2 "Share-based Payment", including obtaining employee stock option certificates, restricting employee rights new shares, and participating in cash capital increases subscription shares, should also be included in the remuneration.
- Note 4: It refers to the employee remuneration (including stock and cash) received by the General Manager and Deputy General Manager that is distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. Table 1-3 shall be filled in. Net profit after tax refers to the net profit after tax in the most recent year; For those who have adopted the International Financial Reporting Standards, the net profit after tax is the net profit after tax of the individual or individual financial report in the most recent year.
- Note 5: The total amount of all the remuneration paid to the Company's General Manager and Deputy General Manager by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed.
- Note 6: Disclose the name of the President and each Vice President in the respective range of total remuneration received from the Company.
- Note 7: The total amount of all the remuneration paid to each General Manager and Deputy General Manager of the Company by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed. The name of each General Manager and Deputy General Manager shall be disclosed in the range of remuneration corresponding to the total amount mentioned in the preceding sentence.
- Note 8: Net profit after tax refers to the net profit after tax in the most recent year; If the International Financial Reporting Standards have been adopted, the after-tax net profit refers to the after-tax net profit of the individual or individual financial report in the most recent year.
- Note 9: a. This column should clearly indicate the amount of remuneration received by the general manager and deputy general manager of the company from the reinvested business other than the subsidiaries.
- b. If the general manager or deputy general manager of the company receives remuneration from the reinvested business other than the subsidiaries, the remuneration received by the general manager or deputy general manager of the company from the reinvested business other than the subsidiaries shall be combined into column E of the remuneration scale, and the name of the column shall be changed to "all the reinvested business".
- c. Remuneration refers to the remuneration and compensation received by the general manager and deputy general manager of the Company as a director, supervisor or manager of a reinvestment business other than a subsidiary.
- Remuneration (including remuneration of employees, directors and supervisors) and business execution expenses.
- * The remuneration disclosed in this table is based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of this table is for information disclosure, instead of taxation.

4. Names of managerial officers provided with employee's compensation and state of payments

2022 Unit: NT \$thousands; Percentage%

	Job title (Note1)	Name (Note1)	Stock Amount	Amount paid in cash	Grand total	Ratio of Total Amount to Net Income (%)
Managerial People	President	Hong-Jheng Chen	0	47	47	0.12
	Division Chairman	Bill Chiu	0	23	23	0.06
	Chief Financial Officer	Shu-Mei Chang	0	47	47	0.12
	Accounting Officer	Lisa Su	0	40	40	0.10

Note 1: Individual names and titles should be disclosed, but the profit distribution can be disclosed in a summary.

Note 2: If the employee compensation has not been approved by the Board of Directors in the most recent year, it is the amount of employee compensation (including stocks and cash) that was approved by the Board of Directors to be distributed to managers in the previous year. If it has been approved by the Board of Directors, the amount of employee compensation approved by the Board of Directors and distributed to managers shall be filled in. If it cannot be estimated, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year.

Note 3: The scope of managerial officers shall be defined in the following manner, as per the Board's decree under Tai-Tsai-Cheng-3-Tze No.

○ 92 ○ ○ ○ ○ 13 ○ 1 dated 27 March 2003:

- (1) President and equivalent
- (2) Deputy General Manager and equivalents;
- (3) Associate and equivalent
- (4) Head of Finance Department
- (5) Head of Accounting Department
- (6) Any other persons in charge of the Company's affairs and entitled to sign instruments on behalf of the Company.

5. The remuneration of the top five highest paid executives (individual disclosure of names and remuneration methods)

111 Year Unit: NT \$thousands; Percentage%

Job title	Name (Note1)	Salary (A) (Note2)		Retirement pension (B)		Bonuses and Allowances Special expenses (C) (Note 3)		Employee Compensation (D) (note4)				A, B, C and D The total of the four items Ratio of net income after tax (%) (note6)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 7)
		The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company		All companies included in the financial statements (Note 5)		The Company	Companies in the consolidated financial statements	
								Amount paid in cash	Stock Amount	Amount paid in cash	Stock Amount			
President	Hong-Jheng Chen	1,773	1,773	-	-	698	698	47	-	47	-	6.31	6.31	-
Division Chairman	Bill Chiu	1,469	1,469	-	-	183	183	23	-	23	-	4.20	4.20	-
Chief Financial Officer	Shu-Mei	1,350	1,350	-	-	213	213	47	-	47	-	4.03	4.03	-

l Officer	Chang														
As Ma so nag cia er tio n	Lisa Su	1,297	1,297	-	-	160	160	40	-	40	-	3.76	3.76	-	

Note 1: The "Top Five Managers with the Highest Remuneration" refer to the managers of the Company, and the standards for the identification of relevant managers are handled in accordance with the applicable scope of the "managers" as stipulated in the letter of Securities and Futures Commission of the former Ministry of Finance, Tai-Cai-Zheng-San-Zi No. 0920001301 dated 27 March 92. "The top five highest paid individuals"

The calculation and recognition principle is based on the total amount of salary, retirement pension, bonus and special allowance received by the company manager from all companies in the consolidated financial report, as well as the total amount of employee compensation (that is, A + B + C + D four totals), and the top five remuneration after ranking.

Note 2: Fill in the salary, job-related allowances and severance pay of the top five managers with the highest remuneration in the most recent year.

Note 3: Refers to other remuneration such as bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, corporate vehicle or other in-kind benefits made to the top five highest paid executives in the most recent year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation. In addition, the salary expenses recognized in accordance with IFRS 2 "Share-based Payment", including obtaining employee stock option certificates, restricting employee rights new shares, and participating in cash capital increase subscription shares, should also be included in the remuneration.

Note 4: It refers to the amount of employee remuneration (including stock and cash) approved by the board of directors to distribute to the top five supervisors with the highest remuneration in the most recent year. If it is impossible to estimate, the proposed distribution amount for this year shall be calculated in proportion to the actual distribution amount last year.

Note 5: The total amount of remuneration paid to the top five highest paid executives of the Company by all companies (including the Company) in the consolidated report shall be disclosed. Note 6: After-tax net profit refers to the after-tax net profit of the individual or individual financial report in the most recent year.

Note 7: a. This field should clearly indicate the amount of remuneration received by the Company's top five remuneration executives from non-subsidiary companies reinvested by the Company or the parent company (if none, please fill in the column)

None"

b. Remuneration refers to the remuneration received by the Company's top five highest-paid executives for serving as a director, supervisor or manager of a non-subsidiary reinvestment business or parent company.

Remuneration (including remuneration to employees, directors and supervisors) and business execution expenses.

* The remuneration disclosed in this table is based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of this table is for information disclosure, instead of taxation.

(4) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Analysis of the proportion of the total remuneration paid to the directors, president and vice presidents of the company in the net profit after tax of individual or individual financial reports in the last two years

Position Name	Ratio of total remuneration to net income				Increase (decrease) ratio (%)	
	Year 2021		Year 2022			
	The Company	All Consolidated Entities Company	The Company	All Consolidated Entities Company	The Company	All Consolidated Entities Company
Director	27.98%	27.98%	19.39%	19.56%	(8.59%)	(8.42%)
President/Vice President	11.43%	11.43%	6.31%	6.31%	(5.12%)	(5.12%)

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

b. Director

If the Company has a profit in the year, the Board of Directors shall resolve to set aside not more than three percent as directors' remuneration and not less than two percent as employees' remuneration. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate the remuneration of employees and directors and supervisors according to the proportion in the preceding paragraph.

c. Directors, General Manager and Deputy General Manager

According to the company's salary payment standard, it is salary payment, which is not related to the company's operating performance and future risks.

d. Future risks

The Company has purchased liability insurance for directors with an insurance amount of US \$5,000,000.

3. Implementation of Corporate Governance

(1) Operation of the Board of Directors:

A total of 7 (A) meetings of the Board of Directors were held in 2022. The attendance of directors was as follows:

Job title	Name	Actual output (listed) Attendance in Person (B)	Attendance by Proxy Numbers	Actual attendance rate (%) B/A.	Remark
Chairman	Tim Chen	7	0	100%	
Director	Hong-Jheng Chen	7	0	100%	
Director	Shih-Che Chien	6	0	86%	
Director	Kun-Chin Tsai	5	0	71%	
Independent Directors	Yung-Yen Chen	7	0	100%	
Independent Directors	Chun-Yao Li	7	0	100%	
Independent Directors	Lin Chang Hua	7	0	100%	
Independent Directors	Kuo-Hui Ning	7	0	100%	

Other items that shall be recorded:

- The matters listed in Article 14-3 of the Securities and Exchange Act and other resolutions of the Board of Directors that have been objected to or retained by independent directors and have a record or written statement shall state the date, period, content of the proposal, the opinions of all independent directors and the Company's handling of the opinions of independent directors:

(1) Items listed in Article 14-3 of the Securities and Exchange Act

Meeting Date Term	Proposal	All independent directors' opinions and the company's response Handling of independent directors' opinions
111.03.18 The 4th session of the 17th Board of Directors	Approved the issuance of common stocks for cash capital increase through private placement	All independent directors passed the proposal without objection
	Approved the Company's 2021 Statement of Internal Control System	All independent directors passed the proposal without objection
	Deliberation on the case of providing an endorsement guarantee amount for the financing needs of the subsidiary	All independent directors passed the proposal without objection
	Approved the motion for loaning funds to the subsidiary, OOOO	All independent directors passed the proposal without objection
111.05.11 17th session of sixth meeting	Deliberation on the case of providing an endorsement guarantee amount for the financing needs of the subsidiary	All independent directors passed the proposal without objection
111.06.09 The 7th meeting of the 17th Board of	Deliberation on the case of providing an endorsement guarantee amount for the financing needs of the subsidiary	All independent directors passed the proposal without objection

Directors		
111.08.08 The 8th meeting of the 17th Board of Directors	Deliberation on the case of providing an endorsement guarantee amount for the financing needs of the subsidiary	All independent directors passed the proposal without objection
111.11.11 The 9th meeting of the 17th Board of Directors	Approved the change of CPA	All independent directors passed the proposal without objection
111.12.16 17 th session of tenth meeting	Approved the motion for loaning funds to the subsidiary, OOOO	All independent directors passed the proposal without objection
	Approval of capital loan to invest in OOOO	All independent directors passed the proposal without objection

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Meeting Date and Session	Proposal	Reasons for recusal and voting
111.03.18 The 4th session of the 17th Board of Directors	Approved the nomination of candidates for directors and independent directors	Chairman Tim Chen served as a director of the guaranteed company at the same time Therefore, they should avoid conflicts of interest and not participate in the discussion and table. The Chairman appointed the independent director Yung-Yen Chen as the interim host. Resolved and passed by other attending directors.
	Approval of loaning funds to subsidiary, OOOO The Company	In this case, Chairman Tim Chen served as both the borrower and the Company. The Chairman and the Director recused themselves from the discussion and voting to avoid conflicts of interest. The Chairman appointed Yung-Yen Chen, an independent director, to vote on the proposal. Chairman, approved by other directors present
111.05.11 17 th session of sixth meeting	Approved to provide endorsement guarantee for the financing needs of subsidiaries Case	Chairman Tim Chen served as a director of the guaranteed company at the same time Therefore, they should avoid conflicts of interest and not participate in the discussion and table. The Chairman appointed the independent director Yung-Yen Chen as the interim host. Resolved and passed by other attending directors.
111.08.08 The 8th meeting of the 17th Board of Directors	Deliberation on the case of providing an endorsement guarantee amount for the financing needs of the subsidiary	In this case, Chairman Tim Chen also serves as the chairman of the guaranteed company, so he recused himself from the discussion and voting of the case. The chairman appointed independent director Yung-Yen Chen as the interim chairman. Approved by other directors present
111.12.16 17 th session of tenth meeting	Approval of loaning funds to subsidiary, OOOO The Company	Chairman Tim Chen served as a director of the guaranteed company at the same time Therefore, they should avoid conflicts of interest and not participate in the discussion and table. The Chairman appointed the independent director Yung-Yen Chen as the interim host. Resolved and passed by other attending directors.
	Approved the capital loan to invest in OOOO The Company	Chairman Tim Chen served as a director of the guaranteed company at the same time Therefore, they should avoid conflicts of interest and not participate in the discussion and table. The Chairman appointed the independent director Yung-Yen Chen as the interim host. Resolved and passed by other attending directors.
	Approved the 2021 financial statements reviewed by the Remuneration Committee. Employee remuneration to managers	Chairman Tim Chen and Director Hung-Cheng Chen recused themselves due to conflict of interest. The Chairman assigned Yung-Yen Chen to avoid participating in the discussion and voting of the motion. An independent director acted as the interim chairman. Resolved to pass

3. Measures taken to strengthen the functionality of the Board (e.g. establishment of the Audit Committee, improvement of information transparency, etc.) in the current year and the most recent year and the assessment of their implementation:

1. The 2nd Audit Committee of the Company was formally established on 20 August 2021.

It is composed of four independent directors and holds at least one meeting every quarter. It is responsible for the fair presentation of the Company's financial statements, the selection (dismissal) and independence and performance of CPAs, the effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and the control of the Company's existing or potential risks. Since the establishment of the Audit Committee, CPAs and related personnel are invited to attend the meeting for inquiries and participate in the

- discussion, and the operation is smooth.
2. The 1st Remuneration Committee of the Company was formally established on 9 March 2012. Articles of Association” . The 2nd Remuneration Committee was appointed by resolution of the Board of Directors on 28 August 2012.
None. The 3rd Remuneration Committee was appointed by the resolution of the Board of Directors on 25 August 2015. 4th Salary
The Remuneration Committee was appointed by the resolution of the Board of Directors on 5 June 2018. The 5 th Remuneration Committee
Members of the Remuneration Committee were appointed by the resolution of the Board of Directors on 20 August 2020, consisting of 4 independent directors. During the Remuneration Committee meeting, all relevant personnel attended the meeting for inquiries and participated in the discussion, and the operation was smooth.
 3. The 1st Nomination Committee of the Company was formally established on 10 August 2020. Regulations” . The 2nd Nomination and Remuneration Committee was appointed by the resolution of the Board of Directors on 20 August 2021. It consists of 4 independent directors. During the meeting of the Nomination Committee, all relevant personnel attended the meeting for inquiries and participated in the discussion, and the operation was smooth.
 4. The Company has purchased liability insurance for directors since 2018.
 5. For the operation of the Board of Directors of the Company, please refer to the Company’ s website\ Investors\ Corporate Governance\ Board of Directors.
 6. The Company approved the Regulations Governing the Evaluation of the Performance of the Board of Directors” on 8 November 2022.
The report was published on the Company’ s website, investor section\ Corporate Governance Section\ Board of Directors.
The external auditor (Taiwan Investor Relations Institute) was commissioned in 2022 to conduct an external audit.

On 13 December 2022, the Company issued the "Board of Directors Performance Evaluation Report", which was reported to the Market Observation Post System in accordance with the regulations and published on the Company's website at the same time.

(2) Operation of the Audit Committee or Supervisors' participation in the operation of the Board of Directors:

Operation of the Audit Committee:

The 1st Audit Committee of the Company was formally established on 5 June 2018.

The independent directors were elected as the convener and convened at least once a quarter.

The Audit Committee is responsible for reviewing the fair presentation of the Company's financial statements, the selection (dismissal), independence and performance of CPAs, the effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and the management and control of the Company's existing or potential risks. Its main functions and powers are as follows:

- (1) Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Adoption or amendment, pursuant to Article thirty-six-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- (4) Matters in which a director is an interested party.
- (5) A material asset or derivatives transaction.
- (6) A material monetary loan, endorsement, or provision of guarantee.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) The hiring or dismissal of a certified public accountant, or their compensation.
- (9) The appointment or discharge of a financial, accounting, or internal audit officer.
- (10) Annual and semi-annual financial reports.
- (11) Any other material matter so required by the Company or the Competent Authority.

A total of 6 (A) meetings of the Audit Committee were held in 2022. The attendance of directors was as follows:

Job title	Na me	Actual output (listed) Attendance in Person (B)	Attendan ce by Proxy Numbers	Actual attendance rate (%) B/A.	Re m ar k
Independent Directors	Yung-Yen Chen	6	0	100%	
Independent Directors	Chun-Yao Li	6	0	100%	
Independent Directors	Lin Chang Hua	6	0	100%	
Independent Directors	Kuo-Hui Ning	6	0	100%	

Other items that shall be recorded:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

- (1) Items listed in Article 14-5 of the Securities and Exchange Act

Meeting Date Term	Proposal	All independent directors' opinions and The Company's handling of independent directors' opinions
111.03.18 2nd session (4th meeting)	Approved the 2021 business report and financial statements	All independent directors passed the proposal without objection
	Approved the case of providing an endorsement deposit for the financing needs of the subsidiary	All independent directors passed the proposal without objection
	Approved the issuance of common stocks for cash capital increase through private placement	All independent directors passed the proposal without objection
	Approved the Company's 2021 Statement of Internal Control System	All independent directors passed the proposal without objection
111.05.11 5th meeting of the 2nd term	Approved the consolidated financial statements for the first quarter of 2022	All independent directors passed the proposal without objection
	Approved the Company's provision of endorsement guarantee for the financing needs of its subsidiaries.	All independent directors passed the proposal without objection
111.06.09 2nd session (6th meeting)	Approved the motion for loaning funds to the subsidiary, OOOO	All independent directors passed the proposal without objection
111.08.08 2nd session (7th meeting)	Approved the consolidated financial statements for the second quarter of 2022	All independent directors passed the proposal without objection
	Approved the case of providing an endorsement guarantee amount for the financing needs of the subsidiary	All independent directors passed the proposal without objection
111.11.11 The 8th meeting of the 2nd term	Approved the change of CPA	All independent directors passed the proposal without objection
	Approved the consolidated financial statements for the third quarter of 2022	All independent directors passed the proposal without objection
111.12.16 9th meeting of the 2nd term	Approved the Company's CPA fees and regular evaluation of the CPA's independence. Independence status	All independent directors passed the proposal without objection
	Approved the motion for loaning funds to the subsidiary, OOOO	All independent directors passed the proposal without objection
	Approval of capital loan to invest in OOOO	All independent directors passed the proposal without objection

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None. The independent directors have no objection or reservation this year.

2. Recusal of Independent Directors due to conflict of interests (the name of the Independent Directors, the content of the proposals, reasons for recusal, and participation in voting shall be stated): None, and all members of the Audit Committee fully expressed their opinions in the meeting.
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.):
 - (1) The Company's CPAs report the results of the audit or review of the financial statements for the quarter and other communication matters required by relevant laws and regulations at the quarterly audit committee meeting. If there are special circumstances, they will immediately report to the members of the audit committee. There is no such special situation in 2022. The communication between the Company's Audit Committee and the CPAs is good.
 - (2) The internal audit supervisor of the Company regularly reports to the members of the Audit Committee at least once a quarter on the implementation of the Company's annual audit plan and the tracking and improvement of internal control deficiencies; In the event of a major abnormal event, it will also report to the members of the Audit Committee immediately. There is no such special situation in 2022. The Company's Audit Committee and internal audit supervisor have good communication.
 - (3) The independent directors of the Company hold communication meetings with the CPAs or auditors from time to time. For their communication, please refer to the Company's website\ Investors\ Corporate Governance\ Functional Committee members.

(4) Summary of communication between independent directors and internal audit supervisors and accountants:

(1) Communication between independent directors and CPAs

Date/Session	Communication Focus
The 4 th meeting of the 2 nd Audit Committee	CPA 2021 Individual and Consolidated Financial Statements Opinion of independent directors: None
The 5 th meeting of the 2 nd Audit Committee	CPA Consolidated financial report for Q1 2022 Opinion of independent directors: None
The 7 th meeting of the 2 nd Audit Committee	CPA Consolidated financial report for Q2 2022 Opinion of independent directors: None
The 8 th meeting of the 2 nd Audit Committee	CPA Consolidated Financial Report for Q3 2022 Opinion of Independent Directors: None

(2) Communication between independent directors and internal audit supervisors

Date/Session	Communication Focus
The 4 th meeting of the 2 nd Audit Committee The 4 th meeting of the 17 th Board of Directors	Report on the implementation of the audit plan for the fourth quarter of 2021 2021 Statement of Internal Control System Opinions of Independent Directors: None
The 5 th meeting of the 2 nd Audit Committee The 6th meeting of the 17th Board of Directors	Report on the implementation of the audit plan for the first quarter of 2022 Opinions of Independent Directors: None
The 7 th meeting of the 2 nd Audit Committee The 8th session of the 17th Board of Directors	Report on the implementation of the audit plan for the second quarter of 2022 Opinions of Independent Directors: None
The 8 th meeting of the 2 nd Audit Committee The 9th session of the 17th Board of Directors	Report on the implementation of the audit plan for the third quarter of 2022 Opinions of Independent Directors: None
The 9th meeting of the 2nd Audit Committee The 10th session of the 17th Board of Directors	2023 annual audit plan Opinions of Independent Directors: None

(3) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Assessment Items	Implementation Status (Note 1)		Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	YES Taiwan	No		
1. Does the company establish and disclose the Corporate Governance Best Practice Principles?	✓		The Company has established the "Corporate Governance Best Practice Principles" and disclosed it on the Market Observation Post System and the MOPS. Company website.	In compliance with the Corporate Governance Best Practice Principles
2. Shareholding structure and shareholders’ rights (1) Has the Company established internal operating procedures? Handle shareholder suggestions, doubts, disputes The procedures have been implemented. implemented?	✓		The Company has a spokesperson and shareholder service personnel. Effectively handle shareholders' suggestions or disputes question; Currently, the Company does not have any transaction with shareholders. Disputes or litigation, etc.	In compliance with corporate governance practices Rule
(2) Whether the Company has actual control over the Company The largest shareholder and the largest shareholder of the Company the final controller list?	✓		The Company appoints a stock agency to manage the The Company keeps abreast of the shareholdings of major shareholders. Directors, managers, shareholders holding more than 5% of the shares Shareholdings of the 10 major shareholders Relevant information for statutory declaration.	In compliance with corporate governance practices Rule
(3) Does the Company establish and implement a relationship with it? Risk control and firewall between enterprises What is the mechanism?	✓		The Company and related enterprises have stipulated Establish internal control system and Management Procedures for Transactions with Related Parties” Execution, including management of related party transactions and financing. Regulations on loaning funds and making endorsements/guarantees.	In compliance with corporate governance practices Rule
(4) Does the company establish internal rules against insiders trading with undisclosed	✓		1. The Company has established the Ethical Corporate Management Best Practice Principles”	In compliance with corporate governance practices Rule

information? As of the printing date of the Publicly trading securities?

Procedures for Ethical Management and Guidelines for Conduct and Procedures for Handling Material Inside Information” to prohibit Company directors or employees and other insiders Undisclosed information on the market for securities trading. Relevant regulations have been disclosed on the Company's website.

2. To further strengthen prevention, in May 2023 “Prevention of Insider Trading” was approved by the Board of Directors on 9 th day. Procedures for Handling Illegal and Unethical Conducts Procedures for Handling Cases of Unethical or Dishonest Conduct” Strengthen regulations.

3. The Company makes insider declaration on a monthly basis The Company will remind insiders of the above-mentioned regulations in the form of mail at the same time. to prevent insider trading. Reminders are sent simultaneously when notices of board meetings are sent. Directors, managers and related employees' meeting Confidential information shall be kept confidential. The aforementioned content is sent to each insider mailbox as required. For reference.

3. Composition and Responsibilities of the Board of Directors

(1) Does the Board of Directors formulate a plan for the composition of its members Diversity policy and implementation?

✓

The Company has complied with the "Corporate Governance Best Practice Principles". Articles 20 and 24 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers qualifications of directors and independent directors. Establishment of Rules of Procedure for Board of Directors Meetings” Diversity of Board Members It has been disclosed on the Company's website.

In compliance with corporate governance practices Rule

<p>(2) In addition to the Remuneration Committee established in accordance with the law Whether or not the member is a member of the Audit Committee or Voluntary establishment of other functional committees Committee?</p>	✓	<p>The Company has set up a Nomination Committee in 2020. The current Nominating Committee is composed of four independent directors.</p> <p>Director's position; December 2022 Establish a Sustainable Development Committee to be operated by the Company. Team composition and report to the Board of Directors regularly every year Report the implementation status and results. The above are all disclosed in Company website and annual report.</p>	<p>In compliance with corporate governance practices Rule</p>
<p>(3) Whether the Company has formulated performance evaluation of the board of directors Evaluation method and evaluation method. Is performance evaluated regularly?</p>	✓	<p>1. The Company's Board of Directors has approved the Rules for Performance Evaluation of the Board of Directors Perform one board meeting and functional committee meeting (Including Remuneration Committee, Audit Committee and performance evaluation, and The results were reported to the Board of Directors. The evaluation process is At the end of the year, the Management Department is responsible for the implementation. Internal questionnaires are used. Self-evaluation, Board members and functional committees The self-evaluation method is conducted, and the evaluation scope includes the entire Overall board of directors, individual board members and functions Performance evaluation of functional committees. And as the remuneration and selection of individual directors Reference basis for nomination of directors.</p> <p>3. The Company has completed the 2022 performance evaluation The evaluation results in all aspects have been achieved It indicates the overall operation of the Board of Directors and committees. Completed, in December 2022 The internal expert completes the</p>	<p>In compliance with corporate governance practices Rule</p>

		<p>external audit once every three years.</p> <p>The results of the performance evaluation were completed on 14 March 2023. Submitted to the Board of Directors and disclosed on the Company's website.</p>	
<p>(4) Does the company regularly evaluate the visa accounting Independence of CPA?</p>	✓	<p>1. The Company has been evaluating the Evaluate the independence, competence and independence of CPAsThe results were submitted to the Audit Committee and the Board of Directors for approval. The CPA independence and performance evaluation in 2023 has been completed in December 2023.</p> <p>Review by the Audit Committee and the Board of Directors Approved</p> <p>2. Assessment items for independence indicators include certification The CPA is not a director or supervisor of the audit client Directors, managers or significant influence on audit cases The CPA and the Company The Company has no direct or indirect major financial interest The CPA is the same as the Company. Close business relationship and employment relationship The CPA does not promote or serve as an intermediary for the Company. Shares or other securities issued.</p>	<p>In compliance with corporate governance practices Rule</p>
<p>4. Does the TWSE/TPEX listed company set up a full-(or part-) time corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to) the following matters? Not limited to providing directors with Handling of board meetings and Matters related to the meeting of the shareholders Handling company registration and change registration, preparation Does the Company prepare the minutes of the Board of Directors and shareholders' meetings)?</p>	✓	<p>1. In order to implement corporate governance and strengthen the functions of directors, the Board of Directors passed the resolution on 16 December 2022.</p> <p>Appointment of Shu-Mei Chang as Chief Financial Officer The Company's corporate governance officer, who has already had a Handle the Company's financial, stock and meeting affairs, etc. Having more than three years of work experience.</p>	<p>In compliance with the Corporate Governance Best Practice Principles</p>

2. The chief corporate governance officer and its members are responsible for corporate governance related matters and serve as the secretary to the Board. The main responsibilities of the corporate governance officer include: Provision of information and assistance necessary for directors to perform their duties Assist directors in complying with laws and regulations, and assist directors in taking office Continuing education, handling the board of directors and members Relevant matters and preparation of the meetings and shareholders' meetings Preparation of meeting minutes, investor relations related management, etc.

Assessment Items	Implementation Status (Note 1)		Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	YES Taiwan	No	
5. Does the Company establish a relationship with its stakeholders? (including but not limited to shareholders, employees, Communicate with customers and suppliers, etc. Set up stakeholders on the company website Does the Company respond appropriately to corporate social responsibility issues that are of significant concern to stakeholders?	✓	<p>1. The Company has a spokesperson, a stock affairs supervisor and a business representative to establish a smooth communication and management mechanism. The Company respects and maintains the interests of all stakeholders. Legal rights</p> <p>2. The Company's website has a corporate responsibility zone and a stakeholder zone, and has established business personnel, investor relations, supplier relations and Contact number and email for employee welfare relations Stakeholders may access the email box when necessary Communicate with each other by telephone or email.</p> <p>3. It is also disclosed in the CSR section. Issues of concern to stakeholders and communication channels Such information shall be reported to the Board of Directors every year. Implementation and reporting of social responsibility Communication with stakeholders.</p>	In compliance with the Corporate Governance Best Practice Principles
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓	The Company's shareholders' meeting affairs are handled by the Company's stock affairs agency (Capital Securities Corporation Stock Affairs Agency Department).	In compliance with the Corporate Governance Best Practice Principles
7. Information Disclosure (1) Does the company have a corporate website to disclose Corporate business and corporate governance?	✓	The Company has established the “Investor Relations” section on its website. The Company discloses its financial, business and Corporate governance information, and New website	In compliance with corporate governance practices Rule

<p>(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? supplier)?</p>	<p>✓</p>	<p>content.</p> <p>The Company has a dedicated person responsible for information collection and timely and appropriate disclosure of relevant information in accordance with regulations.</p> <ol style="list-style-type: none"> 1. The Company has set up a spokesperson and deputy spokesperson system in accordance with the regulations, and disclosed its name and contact methods on the Company's website. 2. The Company has disclosed the legal person status on the Company's website. Briefing information. 3. The Company has set up an English website to provide information Information on foreign investors. 	<p>In compliance with the Corporate Governance Best Practice Principles</p>
<p>(3) Whether the Company Announce and declare the annual financial report within two months reported and announced prior to the deadline Report and declare the financial statements for the first, second and third quarters Report and monthly operating status?</p>	<p>✓</p>	<p>The Company has announced and reported on the required deadline. Financial reports for the first, second and third quarters and each month However, the operation is currently under consideration. As a result, it is not possible to Within two months after the reporting date In the future, depending on the governance situation, if there is any It will be implemented in accordance with relevant laws and regulations.</p>	<p>Under evaluation</p>
<p>8. Is there any other helpful understanding of the Company Important information on the operation of corporate governance(including but not limited to employee rights, employment Employee care, investor relations, supplier relations Relationship, Stakeholder's Rights, Directors' Rights Continuing education and risks of directors and supervisors Implementation of management policies and risk measurement standards Implementation of implementation and customer policy The Company purchases for directors and supervisors liability insurance)?</p>	<p>✓</p>	<p>1. <u>Employee rights and employee care:</u> The Company has established work rules and implemented them accordingly. The Bank cares for the rights and interests of employees. Uphold equal opportunity and talent recruitment Principle of application, regardless of race, gender, age There are differences in age, religion and nationality. Work Any discrimination, inequality and sex are strictly prohibited in the premises Sexual harassment behaviors and related management procedures In order to maintain a safe and healthy working environment. The Company's employee benefits The committee serves as a communication channel</p>	<p>In compliance with corporate governance practices Rule</p>

		<p>between labor and management. To promote and implement various objectives Employee welfare policy to create a harmonious labor force Work environment to enrich employees’ lives.</p> <p><u>2. Investor relations, supplier relations and interests Rights of stakeholders: According to laws and regulations and</u> Timely and appropriate disclosure of financial and business information; and set up a contact window for investor relations Relations with suppliers and stakeholders Feedback channel. To strengthen corporate governance In addition to routine disclosure of financial and business information In addition to disclosure, corporate governance is also available on the Company's website. Provide investors with more diversified information to protect the rights and interests of investors.</p> <p><u>3. Continuing education of directors and supervisors: (1) Please refer to (9) Continuing education of directors.</u> (2) Disclosure on the Market Observation Post System Corporate Governance Area.”</p> <p><u>4. Implementation of customer policies: The Company Maintain stable and good relationships with customers to create Create profits for the Company.</u></p> <p><u>5. PURCHASE OBLIGATIONS BY THE COMPANY FOR DIRECTORS AND SUPERVISORS</u> Insurance: The Company is a director of the Company every year. Purchase liability insurance for directors and managers. And report to the board of directors on 14 March 2020.</p>	
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		<p>6. Succession planning for board members and key management: The members of the board of directors of the company span from 50 years old to 70 years old, with professional skills and industry experience covering business management, electronics, computer, finance, accounting, marketing, information technology and risk management, providing a good foundation for the company's sustainable operation. In the future, the company will uphold the same concept of diversity and professionalism, make good use of experts, introduce internal and external diverse backgrounds, experience, expertise, talents with business management capabilities and leadership and decision-making capabilities when the board is elected or the members of the board are vacant, understand and participate in the operation of the board of directors or functional committees, and then cultivate the next generation of board members.</p> <p>The Company's affiliated companies have a number of senior management professionals, so the Company has an abundant talent pool to select successors, familiarize them with the business of each unit of the Group through job transfers, and deepen their industrial experience.</p> <p>The training of the Company's senior managers, in addition to considering the organizational adaptability, must be consistent with the Company's values.</p> <p>Company.</p>	
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9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. (Not required if the Company is not one of the evaluated subjects)

1. The items improved in the 9th Corporate Governance Evaluation:

No.	Indicator item	Improvement
1.12	Does the company only distribute directors' remuneration but not distribute dividends?	When the Company distributes the remuneration of directors for 2022, the Board of Directors also resolved on 14 March 2023 to distribute the 2022 cash dividend: 0.3 (NT \$/share) (subject to the

		approval of the shareholders' meeting on 7 June 2023).		
3.21	Does the company's annual report voluntarily disclose the individual remuneration of the general manager and deputy general manager?	The Company has disclosed the information listed on the left in "3. Remuneration of President and Vice President" on page 21 of this annual report. Note: The Company does not have a position of vice president.		
3.13	Did the company voluntarily disclose individual remuneration of directors in the annual report?	The Company has disclosed the information listed on the left in "1. Remuneration of Directors (including Independent Directors)" on page 19 of this annual report.		
Assessment Items	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Y ES Tai wan	No	Abstract Illustration	
2. Prioritized items that have not been improved for the 9 th Corporate Governance Evaluation:				
No.	Evaluation indicators	Improvement		
1.15	Has the Company established and disclosed on its website internal rules that prohibit insiders, such as directors or employees, from using undisclosed information in the market to buy and sell securities, including (but not limited to) directors must not trade their stocks within 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report, and explain the implementation?	The Company's Board of Directors has approved the "Procedures for the Prevention of Insider Trading" on 9 May 2023 and published it on the Company's website. After arranging the board meeting schedule for the following year, the Company will clearly inform the regulated person of the closed period for the prohibited trading of shares in accordance with the provisions of the preceding paragraph. The Company's stock affairs personnel are responsible for monitoring their compliance when they report the shareholdings of the last month for the regulated persons on a monthly basis.		
2.24	Does the company establish an information security risk management framework, formulate information security policies, specific management plans and invest resources in information security management, and disclose them on the company's website or annual report?	ISO 27001: 2022 certification guidance has been started in February 2023, and the certification is expected to be certified by a third-party notary. After completing the improvement of the deficiencies listed in the external audit and obtaining the certificate, it can be disclosed on the company's website and annual report.		
3.6	Does the company disclose the interim financial report in English within two months after the reporting period of the Chinese version of the interim financial report?	The Company expects to begin the financial report in the first quarter of this year.		

3.20	Has the Company been invited (on its own) to hold at least two investor conferences, with an interval of at least three months between the first and last investor conferences in the year of evaluation?	The Company has been invited to the investor conference of the first quarter of 2023Q1 investment forum of Yuanta Securities on 16 February 2023, and is expected to handle it once again in the second half of this year.
4.4	Does the Company prepare and upload the sustainability report to the Market Observation Post System and the Company's website before the end of September in accordance with the GRI Standards issued by the Global Reporting Initiative (GRI)?	<p>1. The Company has issued the Sustainability Report” for the first time in October 2022, which is published in the Corporate Sustainability Zone on the official website of Billion Electric to facilitate users to download.</p> <p>2. The Company will issue the report regularly every year, which is expected to be issued in June 2023. At present, this report has been verified by a third-party impartial unit, SGS Taiwan Limited (SGS), in May 2023 to meet the requirements of the GRI Standards 2021. Through the verification by external third parties and through strict internal control and verification mechanisms, we ensure the accuracy of the financial, environmental and social information in this report. At the same time, this report will be published on the corporate sustainability section of Billion Electric’ s official website after completion which is convenient for users to download.</p>

◎ Continuing education of directors and supervisors in 2022:

Job title	Name	Training date	Organizer	Course title	Training Hours
Chairman	Tim Chen	111/8/8	Securities and Futures Institute	(1) Talking about the functions of the Board of Directors from the perspective of corporate fraud prevention Corporate Risk Management	3 hours
		111/8/8		(2) Future development of the Metaverse and Cryptocurrencies Blockchain	3 hours
Director	Hong-Jheng Chen	111/8/8	Securities and Futures Institute	(1) Talking about the functions of the Board of Directors from the perspective of corporate fraud prevention Corporate Risk Management	3 hours
		111/8/8		(2) Future development of the Metaverse and Cryptocurrencies Blockchain	3 hours
Director	Shih-Che Chien	111/8/8	Securities and Futures Institute	(1) Talking about the functions of the Board of Directors from the perspective of corporate fraud prevention Corporate Risk Management	3 hours
		111/8/8		(2) Future development of the Metaverse and Cryptocurrencies Blockchain	3 hours
Director	Kun-Chin Tsai	111/8/8	Securities and Futures Institute	(1) Talking about the functions of the Board of Directors from the perspective of corporate fraud prevention Corporate Risk Management	3 hours
		111/8/8		(2) Future development of the Metaverse and Cryptocurrencies Blockchain	3 hours
Independent Directors	Yung-Yen Chen	111/8/8	Securities and Futures Institute	(1) Talking about the functions of the Board of Directors from the perspective of corporate fraud prevention Corporate Risk Management	3 hours
		111/8/8		(2) Future development of the Metaverse and Cryptocurrencies Blockchain	3 hours
Independent Directors	Chun-Yao Li	111/8/8	Securities and Futures Institute	(1) Talking about the functions of the Board of Directors from the perspective of corporate fraud prevention Corporate Risk Management	3 hours
		111/8/8		(2) Future development of the Metaverse and Cryptocurrencies Blockchain	3 hours
Independent Directors	Lin Chang Hua	111/8/8	Securities and Futures Institute	(1) Talking about the functions of the Board of Directors from the perspective of corporate fraud prevention Corporate Risk Management	3 hours
		111/8/8		(2) Future development of the Metaverse and Cryptocurrencies Blockchain	3 hours
Independent Directors	Kuo-Hui Ning	22 April 2021	Taiwan Sustainable Energy Research Foundation	(1) Taishin 30 Sustainable Net Zero Summit Forum-Dedication to Net Zero Achievement continued	3 hours
		111/8/8	Securities and Futures Institute	(2) Talking about the functions of the Board of Directors from the perspective of corporate fraud prevention Corporate Risk Management	3 hours
		111/8/8	Securities and Futures Institute	(3) Future development of the Metaverse and Cryptocurrency Blockchain	3 hours

Note: Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

(4) Information on the members and operation of the Remuneration Committee: Information on the members of the Remuneration Committee

Id en tit y (Note1)	C on di ti on s N a m e	Meet One of the Following			Independence Criteria (Note)								Numbe r of Other Public Compa nies in Which the Individ ual is Concur rently Servin g as an Remun eration Commitee Memb er	R e m ar k (Not e 1) 3)
		Professional Qualification Requirements, Together with at Least Five Years Work Experience	An instruct or or higher position in a departm ent of commerce, law, finance, accounting, or other academic departm ent related to the business needs of the Company in a public or private junior college, college or university	A Judge, Public Prosecu tor, Attorne y, Certifie d Public Accoun tant, or Other Professi onal or Technic al Special ists Who Has Passed a Nationa l Examin ation and Been Awarde d a Certific ate in a Professi on Necessa ry for the Busines s of the Compan y Personnel	Have Work Experie nce in the Areas of Comme rce, Law, Finance , or Accoun ting, or Otherwi se Necessa ry for the Busines s of the Compan y	1	2	3	4	5	6	7		
Inde pend ent Direc tors	Yung- Yen Chen	✓			✓	✓	✓	✓	✓	✓	✓	✓	0	

Independent Director	Chun-Yao Li	✓			✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Kuo-Hua Lin	✓			✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Directors	Kuo-Hui Ning			✓	✓	✓	✓	✓	✓	✓	✓	✓	3	

Note 1: Please fill in director, independent director or other in the column of identity.

Note 2: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term (s) of office. (1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary in which the company holds, directly or indirectly, more than 50 percent of the voting shares.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.

(5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company or ranks as of its top five shareholders.

(6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.

(7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.

(8) Not been a person of any conditions defined in Article 30 of the Company Act.

Note 3: If the members are directors, please indicate whether they meet the requirements of Article 6, Paragraph 5 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter".

2. Responsibilities of the Remuneration Committee

According to the Company's Remuneration Committee Charter, the duties of the Company's Remuneration Committee are as follows and recommendations are submitted to the Board of Directors for discussion:

1. Evaluating and supervising the overall remuneration policy of the Company.
2. To evaluate and approve the remuneration level of directors.
3. Evaluation and approval of the remuneration level for supervisors above the assistant manager level.
4. Other remuneration related and establishment of employee incentive system.

3. Operation of the Remuneration Committee:

1. There are 4 members in the Remuneration Committee of the Company.
2. The term of office of the current members: 20 August 2021 to 19 August 2024.

The Remuneration Committee met 4 times (A), and the qualifications and attendance of the members are as follows:

Job title	Name	Attendance in Person (B)	Attendance by Proxy	Actual attendance rate (%) (B/A)	Remark
Convenor	Yung-Yen Chen	4	0	100%	
Committee Member	Chun-Yao Li	4	0	100%	
Committee Member	Lin Chang Hua	4	0	100%	
Committee Member	Kuo-Hui Ning	4	0	100%	

Other items that shall be recorded:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

(5) Implementation of the promotion of sustainable development and the differences between the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor:

Assessment Items	Implementation Status (Note 1)		Summary (Note 2)	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	YES	No		
<p>1. Does the company establish a governance structure to promote sustainable development and set up a dedicated unit to promote sustainable development? authorized by the board of directors Do senior management handle this matter and supervise the board of directors?</p>	✓		<p>1. The Company established the Sustainable Development Committee in December 2022, with the President (Director) as the chairman. Appointment of the quality assurance director as the deputy director.</p> <p>2. The Committee consists of Corporate Governance, Environmental Protection The quality assurance team consists of three teams, namely the quality assurance team, the quality assurance team, and the social responsibility team. The department, management department and occupational safety personnel jointly serve as three independent directors. The committee is designated as an ex officio member and convenes work meetings from time to time. Responsible for proposing the annual sustainable development plan to effectively implement the company's sustainable development. Expanding the blueprint.</p> <p>3. The sustainable development affairs of the Company are handled by the Board of Directors As the highest decision-making and supervisory unit, sustainable development The promotion situation and governance structure are directly led by the board of directors. Supervision and management. Sustainable Development Committee</p>	In compliance with the Sustainable Development Best Practice Principles

		<p>Quarterly Regularly report the implementation results to the Board of Directors Sustainable development work plan for the Board of Directors Supervise the implementation of sustainable operations and use it to Evaluate whether the implementation of sustainable development is integrated</p> <p>The company's daily operations to comply with the company's ESG Long-term development strategies. Please refer to the Company's 2022 Sustainability Report for more details on the Company's ESG performance highlights in 2022. The Sustainability Report is published on the Company's website.</p>	
<p>2. Does the Company follow the principle of materiality? Implementation of environmental and social issues related to the Company's operations corporate governance issues, and Formulate relevant risk management policies or strategies</p> <p>?</p>	<p>✓</p>	<p>1. The Company adheres to the principle of sustainable development. Establish a risk management mechanism. The company's operating policy defines various types of risks. Insurance coverage includes accounts receivable risk, environment risk, etc. Risk control, operational risk, financial risk Risk, information risk management, climate change risks Risk management, etc.</p> <p>2. Occurrence frequency of risk issues The impact on the Company's operations is determined by each department. Responsible for promoting various businesses according to its authority and responsibility. The Company also complies with international standards. Stakeholder inclusiveness, sustainability context, importance The principle of materiality and completeness. Establish relevant strategies or policies for issues Implement guidelines and conduct risk control.</p>	<p>In compliance with the Sustainable Development Best Practice Principles</p>

Assessment Items	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
			<p>3. Related issues can be controlled, managed, and evaluated through the environmental management analysis and risk control procedures, and reviewed at the annual quality, environmental, and hazardous substance management review meetings.</p> <p>4. For the control effectiveness and evaluation mechanism of relevant issues, please refer to the management of the material topics before each chapter of the Company's 2022 Sustainability Report.</p> <p>The Sustainability Report has been published on the Company's website.stations.</p>
<p>3. ENVIRONMENTAL ISSUES</p> <p>(1) Does the company establish policies based on the characteristics of its industry? Is the appropriate environmental management system in place?</p>	✓		<p>1. The Company is committed to promoting various ISO International Standard Organization Management System, 2007 year (and will continue to update to 2015 version) Passed the ISO14000 environmental management system certification. Confirm the improvement of environmental performance every quarter. Does the Company comply with relevant laws and regulations and PDCA management cycle process to achieve continuous improvement Effects and purposes.</p> <p>2. In view of the continuous fermentation of environmental issues, Obtained IECQ in the same year QC080000 (for PEM Power Supply Division) Hazardous Substance Management System Certification, Commitment Comply with EU regulations and customer needs for products. requirements of the manufacturers in terms of both quality and quantity.</p>

(2) Is the Company committed to The Company uses renewable materials that are materials with low loading impact?

✓

- 3. ● ISO14001: 2015 Certificate
Validity period: 31 August, 2021- August, 2024
Certificate No.: TW07/01136
- 4. ● QC 080000: 2017 Certificate
Validity period: 2022/09/03 ~ 2025/09/02
Certificate No.: TW-HSPM-1096

1. The Company passed the "ISO14001 environmental management system" . Promote the "management system" and introduce product life. Reduce raw material consumption and Waste output to achieve sustainable operation, The goal of environmental protection.

2. The Company respects the value of the community and Strive to achieve social and environmental responsibility, Support their stakeholders' best interests employees. The Company has developed green products. In response to EU RoHS, China RoHS and customer HSF requirements, suppliers and employees are encouraged to engage in similar activities, all of which aim to fulfill the role of responsible corporate citizen. We are fully committed to implementing ISO9001 quality management system and ISO14001 environmental management system, and relevant commitments such as the 2022 Sustainability Report.

3. Implementation status as follows:
A. Committed to waste disposal and cleaning, the Company reports the status of waste disposal to the Environmental Protection Bureau of New Taipei City on a monthly basis in accordance with the law.
B. Improve environmental hygiene in the workplace
C. Seeking suppliers to cooperate with the recycling of materials and packaging materials as much as possible to achieve waste recycling, harmless and economical use.

In compliance with sustainable development practices Rule

		Continuous improvement of environmental performance Implementation of resource recycling and reuse.	
(3) Does the company assess the potential risks and opportunities of climate change for the company now and in the future, and take measures to deal with climate-related issues?	✓	<p>1. The threat of climate change to human beings is increasing day by day. The Company's strategic direction:</p> <p>A. Energy transition: Achieve long-term net zero goals through energy transition and meet the global goals of the Paris Agreement.</p> <p>B. Green procurement: Formulate and implement various energy-saving and environmental-friendly procurement strategies, including raw materials, general affairs, machines, and equipment.</p> <p>C. Energy saving and waste reduction: Set energy saving and waste reduction targets and promote them throughout the Group to reduce energy use and reduce the harm of waste to the environment. D. Integration of Supply Chain Partners: Expand the carbon emissions of the supply chain step by step bid.</p> <p>2. The Company originally planned to introduce ISO14064-1 greenhouse gas inventory in 2026, which will be introduced in 2023 in advance.</p> <p>As a company with more than 50 years of experience in the power, communication and power energy industries, we are participating in the transformation of the power energy industry with the support of the entire Board of Directors with our leading, professional research and development engineering capabilities and operating experience in diversified products.</p> <p>Completed in 2022:</p> <p>A. Provide services for nearly 1000 solar power plants with successful grid connection</p> <p>B. Agent for the shipping and installation of PV inverter</p>	In compliance with the Sustainable Development Best Practice Principles

		<p>with a total capacity of more than 250MWp</p> <p>C. In 2021, 69kV and 161kV large ground booster stations and medium and high voltage SCADA systems were launched.</p> <p>D. Launched localized container-type energy storage system with optimized security</p> <p>E. Signed an electric ship contract with Shift Clean Energy, an internationally renowned Canadian energy solution provider, to help Taiwan's transportation industry move towards a crucial step towards green energy conservation and carbon reduction.</p> <p>F. Planning and integrating electric vehicle charging services</p> <p>4. The Company has integrated sustainability issues into its strategies and the entire organization and all businesses. By building energy and leading a green and low-carbon life, the Company works with partners to create more value for customers, governments, employees and shareholders with stable operations, sustainable development and excellent services, and is fully prepared for the new era of green energy.</p> <p>5. The Company follows the framework recommended by TCFD to disclose climate change related information in the 2022 Sustainability Report.</p>	
<p>(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?</p>	<p>✓</p>	<p>1. The Company regularly collect information on greenhouse gas emissions, water consumption, and total weight of waste every year, and discloses the aforementioned relevant information in the annual sustainability report (including the past two years). The Company is fully committed to implementing the ISO14001 environmental management system, and reviews and improves it through the ISO14001 management review meeting, and tracks the amount of waste and electricity consumption every year.</p>	<p>In compliance with the Sustainable Development Best Practice Principles</p>

		<p>2. Waste: Total 8.4405 tons in 2022 In 2021, 21.2043 tons, a decrease of 60%.</p> <p>3. Electricity consumption and carbon emissions: 204.9 tons in 2021 In 2020, the electricity consumption was reduced by 92 tons (31%) to 296.9 tons.</p> <p>In 2022, due to the addition of Yilan Plant to reduce carbon emissions The total power generation capacity in 2022 is 5,962,771 kWh, which is equivalent to reducing carbon emissions. 3,035.1 tons; In addition, the Company cooperates with the automatic frequency control frequency modulation service for energy storage required by the Taipower electric trading platform. In 2021, the Group has launched the service with a capacity of 7.1MW, which provides Taipower with stable frequency modulation and reduces the start-up of fuel-powered units.</p> <p>Increase the use of renewable energy and reduce carbon emissions.</p>	
<p>4. SOCIAL ISSUES</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	<p>✓</p>	<p>The Company recognizes and supports the spirit and principles of human rights protection disclosed in international human rights conventions such as the United Nations Universal Declaration of Human Rights, and complies with relevant labor laws and regulations in the place where the Company is located. We oppose any discrimination and infringement of human rights, such as sexual harassment or bullying in the workplace, and formulate relevant human resources rules and regulations in accordance with laws and regulations, such as: "Measures for Prevention and Treatment of Sexual Harassment", "Prevention Plan for Unlawful Infringement in the Performance of Duties", and set up a special telephone number and e-mail box to provide employees with a working environment that is free from discrimination and harassment.</p>	<p>In compliance with the Sustainable Development Best Practice Principles</p>

<p>(2) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee remuneration?</p>	<p>✓</p>	<p>The Company provides excellent workplace and generous employee benefits, and provides employee with various benefits, such as year end bonuses, group insurance, travel allowances, etc., so that employee can appropriately relax and relieve stress, and achieve a balance between work and life; In addition, free annual health checks are provided, and nursing staff are arranged to visit the company regularly to provide consultation services, care and protect the health of colleagues. Paragraph 1, Article 29 of the Company's "Articles of Incorporation" stipulates that if the Company makes a profit in the year, no less than 2% shall be allocated as employee compensation, and the Company's operating performance shall be appropriately reflected in employee compensation. Remuneration.</p>	<p>In compliance with the Sustainable Development Best Practice Principles</p>
<p>(3) Does the company provide employees with a safe and healthy working environment, and regularly implement safety and health education for employees?</p>	<p>✓</p>	<p>The company controls the safe and healthy working environment of employees. The company improves the working environment according to the characteristics of the job site, and provides personal protective equipment for the XRF inspection (free radiation risk) of the hazardous workplace, in order to reduce the exposed hazards to an acceptable range and provide a safe and comfortable working environment. In order for employees to quickly respond to disasters and achieve the purpose of disaster prevention and reduction, regular fire emergency response drills are held every year to build a sound disaster emergency response management.</p>	<p>In compliance with the Sustainable Development Best Practice Principles</p>

<p>(4) Has the Company established an effective career development training program for employees?</p>	<p>✓</p>	<p>1. The Company attaches great importance to employee education and training and formulates an assessment and promotion system, so it has formulated the "Human Resources Control Procedures" and planned the annual education and training plan, and focused on talent cultivation and technical inheritance.</p> <p>2. The Company provides diversified training resources. The training system includes new employee functional education and training, professional functional education and training, general management function training, safety and health management training, etc., providing employees with appropriate training courses at different stages of career development.</p> <p>In 2022, employees completed 1,681 hours of training.</p>	<p>In compliance with the Sustainable Development Best Practice Principles</p>
<p>(5) Does the company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and has it established relevant consumer protection policies and complaint procedures?</p>	<p>✓</p>	<p>1. The Company complies with the relevant regulations and international standards applicable to the Company's industry for products and services. Through supplier management, we ensure that supply chain products truly comply with the relevant regulations and international standards.</p> <p>The Company implements social and environmental responsibilities in accordance with international environmental protection laws and regulations such as RoHS and REACH.</p> <p>2. The Company has also established clear procedures for product customer complaints and returns to ensure the rights and interests of customers. Related customer complaints are filed for management and tracking, and the stakeholder mailbox is disclosed on the Company's website.</p>	<p>In compliance with the Sustainable Development Best Practice Principles</p>

Assessment Items	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof	
	YES Taiwan	No		
(6) Does the company have a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, and labor rights, and how is it implemented?	✓		<p>1. The Company has established the "Supplier Control Procedures", including written review, on-site evaluation, semi-annual assessment, qualification evaluation, etc., and conducts regular or irregular audits of suppliers, and has an annual evaluation mechanism as a performance evaluation.</p> <p>2. The contracts between the Company and its major suppliers include the declaration of non-use of environmentally hazardous substances, the environmental hazardous substances control table requirements to comply with green regulations such as RoHS and REACH, and do not use conflict minerals. There is a manufacturer evaluation form, which requires that suppliers must not violate their corporate social responsibility policies, and must not have a significant impact on the environment, society and corporate governance.</p>	In compliance with the Sustainable Development Best Practice Principles
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?	✓		<p>1. The Company's 2022 Sustainability Report is based on the GRI Standards standards issued by the Global Reporting Initiative (GRI), and refers to the industry standards of the Sustainability Accounting Standards Board (SASB) as the reporting principle.</p> <p>2. The Company's Sustainability Report has been verified by SGS Taiwan Ltd., which confirms that the content of the report complies with the core options of GRI Standards and the AA1000 Type 1 medium assurance level standards.</p>	In compliance with the Sustainable Development Best Practice Principles
6. If the Company has established the corporate social responsibility principles based on the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the Principles and their implementation: No material discrepancy was found.				

7. Other important information to facilitate a better understanding of the Company's implementation of sustainable development:

- * Promote and implement environmental protection concepts
- * Pay attention to social care and help vulnerable groups in a timely manner
- * Office air conditioning temperature control, actively promote water and electricity energy conservation, set up resource classification and recycling areas, and strengthen classification publicity
- * Promote environmentally friendly tableware and reduce the use of disposable chopsticks to protect your health and the environment
- * Attach importance to the physical and mental development of employees and give priority to taking care of employees
- * Welfare Committee gift money for three festivals
- * Annual employee health examination and group insurance

Note 1: If "Yes" is selected for the implementation status, please specify the important policies, strategies, measures and implementation status adopted; If "No" is selected for the implementation status, please explain the differences and reasons in the field of "Differences from the Code of Practice for Sustainable Development of Listed Companies and Reasons" and explain the plans for future relevant policies and measures.

Note 2: The principle of materiality refers to those who have a significant impact on the company's investors and other stakeholders in relation to environmental, social and corporate governance issues. Note 3: For disclosure methods, please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

(6) Implementation of ethical corporate management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof:

Assessment Items	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	YES Taiwan	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p> <p>(2) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p>	<p>✓</p> <p>✓</p>		<p>The Company has formulated the "Code of Ethical Conduct", "Procedures for Ethical Management and Guidelines for Conduct" and "Ethical Corporate Management Best Practice Principles", and emphasizes the importance of the spirit of integrity in the work rules. The Audit Office is responsible for the relevant operations and supervision of implementation, and reports to the Board of Directors.</p> <p>The Company has listed unethical conduct in the "Procedures for Ethical Management and Guidelines for Conduct" and established a risk assessment mechanism, including: collecting information through control methods such as the annual legal compliance self-assessment form, qualitative interviews, and e-mail tracking of information units, regularly analyzing, evaluating, and identifying those with higher risks, and implementing case investigation when necessary, and supplemented by the audit mechanism of the internal audit unit, to formulate plans for unethical conduct such as preventing bribery and bribery, providing illegal political contributions or improper benefits, infringing intellectual property rights, and unfair competition, so as to ensure that the Company's operation complies with the Ethical Corporate Management</p>	<p>Compliance with Ethical Corporate Management Best Practice Principles</p> <p>Compliance with Ethical Corporate Management Best Practice Principles</p>

<p>(3) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?</p>	<p>✓</p>	<p>Best Practice Principles. Within the scope of business activities, the personnel of each unit of the Company have the obligation to cooperate with the investigation of the legal compliance unit in the control and management methods of the aforementioned unethical conduct.</p> <p>The Company's prevention programs for unethical conduct in accordance with the "Ethical Corporate Management Best Practice Principles" include the "Code of Ethical Conduct" and "Procedures for Ethical Management and Guidelines for Conduct"; It is clearly stipulated that no improper benefits shall be accepted, nor any acts that violate integrity or illegality shall be done. It is also encouraged to report any illegal or unethical conduct. In addition, it is stipulated that the importance of ethical conduct shall be regularly promoted to directors and employees. The aforementioned program is based on an evaluation mechanism for the risk of unethical conduct. The appropriateness and effectiveness of the preventive measures are regularly reviewed, and appropriate adjustments or improvements are made. Amendment.</p>	<p>Compliance with Ethical Corporate Management Best Practice Principles</p>
<p>2. Implementation of Ethical Corporate Management</p>			
<p>(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p>	<p>✓</p>	<p>The Company's "Ethical Corporate Management Best Practice Principles" stipulates that prior to any commercial transactions, the Company shall take into consideration the legality of its counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.</p>	<p>Compliance with Ethical Corporate Management Best Practice Principles</p>

(2) Has the Company established a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once a year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?

✓

The Company has established the Legal Compliance Department, which is responsible for coordinating and promoting the formulation and supervision of the implementation of the integrity management policy and the prevention of dishonest behavior plan, and reporting the situation to the board of directors regularly once a year; In addition, the auditors also supervise the implementation in the daily audit, and may report to the board of directors at any time if there is any abnormality found.

Implementation status for the year:

(1) Formulation and review of policies related to ethical corporate management

The Company's Code of Ethical Conduct clearly prohibits employees from accepting any improper benefits or committing any act that violates integrity or laws; The above internal regulations are reviewed, adjusted and amended from time to time by the Legal Department with reference to the changes in external regulations and the implementation of internal supervision.

(2) Internal and external policy promotion

The Company's "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct" and "Procedures for Ethical Management and Guidelines for Conduct" and other relevant important internal regulations have been published on the Company's website and internal website for external and company colleagues to inquire at any time.

(3) Reporting channels, handling and whistleblower protection The Company has a disciplinary and appeal system for violations of the integrity management regulations, and has set up and announced employee suggestion boxes, e-mails and appeal lines in the

Compliance with Ethical Corporate Management Best Practice Principles

		<p>Company's plants and on internal and external websites to encourage internal and external personnel to report dishonest or improper behavior. The Company allows anonymous reporting, and the identity of the whistleblower and the content of the report will be kept confidential, and the Audit Office is responsible for verification and handling; Any breach of integrity</p> <p>The Company will make appropriate adjustments based on the severity of the circumstances. When necessary, the case shall be reported to the competent authority or transferred to judicial authorities for investigation.</p>	
<p>(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p>	<p>✓</p>	<p>The Company's "Code of Ethical Conduct" stipulates that the Company's personnel should handle their business in an objective and efficient manner, and avoid using their positions in the Company to prevent conflicts of interest for improper benefits for themselves, others or other companies. In addition, the conflict of interest channels provided by the Company are divided into the following according to the subject: Directors or independent directors shall be the President's Office or the Corporate Governance Officer; The manager shall act in the legal department; The rest of the employees should report to the direct supervisor and the legal unit, and the direct supervisor should provide appropriate guidance.</p>	<p>Compliance with Ethical Corporate Management Best Practice Principles</p>

<p>(4) Has the company established an effective accounting system and internal control system for the implementation of integrity management, and has the internal audit unit formulated relevant audit plans based on the risk assessment of dishonesty, and checked the compliance of the plan to prevent dishonesty, or entrusted an accountant to perform the audit?</p>	<p>✓</p>	<p>The Company has established an effective accounting system and internal control system, and implemented them. The internal auditors, based on the results of the assessment of the risk of unethical conduct, formulate an audit plan covering the audit target, scope, item, frequency, etc., to check the compliance of the plan to prevent unethical conduct; The audit results shall be reported to the senior management and the dedicated unit for ethical management, and an audit report shall be prepared and submitted to the Board of Directors. In addition, in order to ensure the continuous effectiveness of the system design and implementation, the Company conducts annual reviews and revisions to establish a good corporate governance and risk control mechanism as the basis for evaluating the effectiveness of the overall internal control system and issuing an internal control system statement.</p>	<p>Compliance with Ethical Corporate Management Best Practice Principles</p>
<p>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</p>	<p>✓</p>	<p>The company regularly draws up and implements education and training, the courses include corporate governance, integrity management, business conduct-related laws and regulations and other related fields; For the "integrity management" and "prevention of insider trading" courses, the current directors, managers and employees who meet the needs or are deemed to have attended the courses at least once every two years, and the new directors and managers will be held within three months after they are appointed. In addition, the chairman of the board of directors or the corporate governance officer is also arranged to communicate integrity to directors, managers, supervisors, etc. in the board and supervisor meetings.</p>	<p>Compliance with Ethical Corporate Management Best Practice Principles</p>
<p>3. Operation of the Company's whistleblowing system</p>	<p></p>	<p></p>	<p></p>

<p>(1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?</p>	<p>✓</p>	<p>The Company has established internal and external reporting channels and handling principles such as employee suggestion boxes, e-mails and appeal lines to implement the integrity management policy. The whistleblowing case shall be accepted by the Company's spokesperson, personnel supervisor or legal personnel, and shall be investigated and handled by the handling unit after filing the case; Those who have been verified to be true may provide the whistleblower with an appropriate award depending on the importance Remuneration.</p>	<p>Compliance with Ethical Corporate Management Best Practice Principles</p>
<p>(2) Has the Company established standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?</p>	<p>✓</p>	<p>The Company has the corresponding investigation and handling procedures according to the reported person and the involved situation. In addition, the handling of reports is carried out in a confidential manner, full protection of whistleblowers, and provision of relative complaint opportunities to ensure the legitimate rights and interests of whistleblowers and counterparties. If the report is verified to be true, the accused person will be immediately requested to stop, make appropriate disposal, ask the relevant unit to review and propose improvement measures to prevent the recurrence of the same behavior; The legal unit will separately review and improve the whistleblowing matters, handling methods and follow-up review measures. the Board of Directors.</p>	<p>Compliance with Ethical Corporate Management Best Practice Principles</p>
<p>(3) Does the company take measures to protect whistleblowers from being improperly handled due to whistleblowing?</p>	<p>✓</p>	<p>The Company handles the whistleblowing cases in a confidential manner and fully protects the whistleblowers, whose identity will be kept confidential and will not be improperly handled due to the whistleblowing; The personnel handling the report shall issue a written statement stating that the identity of the whistleblower and the content of the report shall be kept confidential.</p>	<p>Compliance with Ethical Corporate Management Best Practice Principles</p>
<p>4. Enhancing information disclosure</p>			

(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓	The Company has disclosed the "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct", and Procedures for Ethical Management and Guidelines for Conduct". The Company performs relevant internal audits and has not found any abnormality, indicating that the promotion is still effective.	Compliance with Ethical Corporate Management Best Practice Principles
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5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation.
Differences in the Code of Conduct: No significant differences.

6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies):
1. The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/TPEX listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management; The Company spares no effort in adopting high standards of compliance with environmental and quality policies.
2. The Company's "Rules of Procedure for Board of Directors Meetings" has a system for the avoidance of directors' interests. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board of director meeting, and such participation is likely to prejudice the interests of the Company, the director may state his or her opinions and answer questions, and may not participate in discussion or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director.

(7) If the Company has established the Corporate Governance Best Practice Principles and related regulations, it shall disclose the inquiry method: The Company has disclosed the relevant regulations on the Market Observation Post System and the Company's website; Please download the "Corporate Governance" section on the Market Observation Post System or the "Investor Zone" on the Company's website (<http://www.billion.com.tw>).

(8) Other important information that is sufficient to enhance the understanding of the operation of corporate governance must be disclosed together:

The training status of the Company's relevant supervisors and agents in 2022 is as follows:

Name	Training unit	Course title	Course hours
Accounting Supervisor Lisa Su	Accounting Research and Development Foundation	Continuing Training Course for Accounting Supervisors of Issuers, Securities Firms, and Securities Exchanges	12 hours
Audit Supervisor Yu-Hui Shen	Republic of China Securities and Futures Market Development Foundation FSC	The competent authority requires the establishment of a legal compliance audit for managers and personnel	6 hours
	The Institute of Internal Auditors-Chinese Taiwan	How to adjust the internal control system to respond to the new ESG regulations	6 hours
Audit agent in charge Ting-Chun Tsai	The Institute of Internal Auditors-Chinese Taiwan	Analysis of Laws and Regulations of the Board of Directors and Functional Committees (Audit and Remuneration) and Key Points of Audit	6 hours
	The Institute of Internal Auditors-Chinese Taiwan	Discussion on audit practice of enterprise cost and value creation	6 hours

(9) The implementation status of the internal control system shall disclose the following matters:

1. Internal control system specification:

**Billion Electric Co.,
Ltd. Internal Control
System Statement**

Date: 14 March 2023

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2022:

1. The Company acknowledges that the establishment, implementation and maintenance of the internal control system is the responsibility of the Board of Directors and managers of the Company, and the Company has established such system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives; In addition, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of such evaluation, the Company believes that, on 31 December 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This statement will become the main content of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, thirty-two, and one hundred and seventy-one and one hundred and seventy-four of the Securities and Exchange Act.
7. This statement has been approved by the Board of Directors of the Company on 14 March 2023.

All of them agreed to the contents of this statement and made this statement.

Billion Electric Co., Ltd.

Chairman: Tim Chen
(signature)

President: Hong-Jheng Chen
(signature)

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

(10) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, any sanctions imposed by the Company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None.

(11) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

1. Important resolutions and implementation of the shareholders' meeting:

Date	Major Resolutions	Implementation status
9 June 2022	1. Report on the implementation of treasury stock buyback 2. Report on the non-continuation of the resolutions passed by the 2021 shareholders' meeting. Private placement of ordinary shares 3. Report on the distribution of remuneration to employees and directors in 2021 4. Adoption of the 2021 Business Report and Financial Statements 5. Recognition of 2021 Earnings Distribution 6. Approved the amendment of certain articles in the Articles of Incorporation 7. Approved the issuance of common stocks for cash capital increase through private placement Proposal	1. Implemented after the approval of the shareholders' meeting. 2. Implemented after the approval of the shareholders' meeting. 3. Implemented after the approval of the shareholders' meeting. 4. Implemented after the approval of the shareholders' meeting. The amount available for distribution in 2021 is 0, so there is no distribution to shareholders. Dividends. 6. Implemented after the approval of the shareholders' meeting. 7. All payments have been received on 15 March 2019, and all payments have been made on 28 March 2019. Relevant changes and announcements of fundraising.

2. Important resolutions of the board of directors in 2022:

Date	Major Resolutions	All independent directors' opinions and The Company's handling of independent directors' opinions
18 March 2022	1. Report on the implementation of treasury stocks 2. Report on the renewal of directors' liability insurance 3. 2021 Board of Directors Performance Evaluation Report 4. The Company's plan to improve its ability to prepare financial reports on its own 5. 2021 Sustainability Report 6. Approved the 2021 business report and financial statements 7. Approved the 2021 earnings distribution proposal 8. Approved the 2021 distribution of remuneration to employees and directors. 9. Approved the Company's proposal not to continue the private placement of common shares approved by the 2021 shareholders' meeting 10. Approved the issuance of common stocks for cash capital increase through private placement 11. Approved the participation in the cash capital increase of the subsidiary OOOO 12. Approved the investment in a software development company in Singapore 13. Passing the sale of solar power generation equipment" 14. Approved the cancellation of endorsement and guarantee limit for the subsidiary, OOOO	1. Opinions of Independent Directors: None. 2. The Company's actions in response to the opinions of independent directors: None. 3. Objections or reservations by independent directors: None. 4. The results of the decision: all attendees agreed to pass. 5. Others: When voting on Motions 16 and 17, interested party Chairman Tim Chen withdrew from the case and did not participate in the discussion and voting, and passed the case with the consent of all the other directors present.

Date	Major Resolutions	All independent directors' opinions and The Company's handling of independent directors' opinions
	<p>3. Reporting of greenhouse gas inventory and verification schedule in the sustainable development roadmap</p> <p>4. Approved the cancelation of NT \$40,000,000 endorsement guarantee for the subsidiary, OOOO</p> <p>5. Approved the cancelation of NT \$28,500,000 endorsement guarantee for the subsidiary OOOO</p> <p>6. Adopted the proposal to provide an endorsement guarantee amount for the financing needs of the subsidiary, OOOO</p> <p>7. Approved the plan to sign a new credit line with OO Dihe Co., Ltd. for operational turnover needs.</p> <p>8. Approved the proposal to apply to the ShangOO Savings Bank for the extension of the quota for operational turnover</p> <p>9. Approved the proposal to apply to OO Bank for the extension of the quota for operational turnover</p> <p>10. Passed the salary adjustment of senior executives reviewed by the Remuneration Committee. Salary</p>	<p>2. The Company's actions in response to the opinions of independent directors: None.</p> <p>3. Objections or reservations by independent directors: None.</p> <p>4. The results of the decision: all attendees agreed to pass.</p> <p>5. Others: For Motion 6, the interested party Chairman Tim Chen withdrew from the case and did not participate in the discussion and voting, and passed the case with the consent of all the other directors present.</p>
9 June 2022	<p>1. Approved the case of providing an endorsement guarantee amount for the financing needs of the subsidiary OOOO</p> <p>2. Approved the purchase of land and plants.</p> <p>3. Approved the lifting of non-competition restrictions on managers</p>	<p>1. Opinions of Independent Directors: None.</p> <p>2. The Company's actions in response to the opinions of independent directors: None.</p> <p>3. Objections or reservations by independent directors: None.</p> <p>4. The results of the decision: all attendees agreed to pass.</p> <p>5. Others: For Motion 1, the interested party Chairman Tim Chen withdrew from the discussion and voting to avoid conflicts of interest. Approved as proposed</p>
08 August 2022	<p>Consolidated financial report for the second quarter of 2022.</p> <p>2. Improving the ability of self-preparation of financial reports</p> <p>3. 2021 Sustainability Report</p> <p>4. Approved the Company's plan to sign a credit line with OO Commercial Bank to meet the operational turnover needs, and to amend part of the authorization of the Board of Directors on 11 May 2011.</p> <p>5. Approved the Company's plan to sign a credit line with OO Commercial Bank for operational turnover needs.</p> <p>6. Approved the Company's plan to sign a credit line with OO Commercial Bank for operational turnover needs.</p> <p>7. In response to the construction and operational needs of energy storage sites, it is planned to sign a credit line contract with financial institutions for the Chiayi (OO) site.</p> <p>8. Approved the cancelation of NT \$80,000,000 of the company's endorsement guarantee for the subsidiary OOOO</p> <p>9. Approved the case of providing an endorsement guarantee amount for the financing needs of the subsidiary</p> <p>10. Approved the case of transferring the Company's shares to the Company's employees in accordance with the law</p>	<p>1. Opinions of Independent Directors: None.</p> <p>2. The Company's actions in response to the opinions of independent directors: None.</p> <p>3. Objections or reservations by independent directors: None.</p> <p>4. The results of the decision: all attendees agreed to pass.</p> <p>5. Others: For Motion 9, the interested party Chairman Tim Chen withdrew from the case and did not participate in the discussion and voting, and passed the case with the consent of all the other directors present.</p>

	<p>11. Approved the issuance of the Board of Directors' Statement in accordance with the provisions of the Rules Governing Share Repurchase by the TWSE/TPEX Listed Companies</p> <p>12. Approved the remuneration plan for senior executives reviewed by the Remuneration Committee.</p> <p>13. Passed the salary of senior executives reviewed by the Remuneration Committee.</p> <p>Investment</p>	
11 November 2022	<p>Consolidated financial report for the third quarter of 2022.</p> <p>2. Report on improving the ability of self-preparation of financial reports</p> <p>2021 Sustainability Report.</p> <p>4. Cancellation of the original acquisition of real estate report</p> <p>5. Report on the Company's sale of its subsidiary OOOO Technology Co., Ltd.</p> <p>6. Approved the change of CPA</p> <p>7. Approved the company's employee stock option certificate to exchange for common stock capital increase base date and related matters</p> <p>8. Approved the amendment of the Company's "12th Share Repurchase Transfer Agent". Part of the provisions of the "Employee Regulations"</p> <p>9. Approved the addition of the Company's "Procedures for Buying Back Treasury Shares"</p>	<p>1. Opinions of Independent Directors: None.</p> <p>2. The Company's actions in response to the opinions of independent directors: None.</p> <p>3. Objections or reservations by independent directors: None.</p> <p>4. The results of the decision: all attendees agreed to pass.</p> <p>5. Others: None.</p>
16 December 2022	<p>1. 2022 Sustainability Report and GHG Inventory and Verification Schedule Planning Report</p> <p>2. Report on reinvestment in OOOO</p> <p>3. Report on reinvestment in OOOO</p> <p>4. Approved the 2023 business plan and budget.</p> <p>5. Proposal for the Company's CPA service fee and regular assessment of the independence of the CPA</p> <p>6. Approved the motion for loaning funds to the subsidiary, OOOO</p> <p>7. Approval of capital loan to invest in OOOO</p> <p>8. Approved the 2023 internal audit plan</p> <p>9. Approved the appointment of the Company's Corporate Governance Officer</p> <p>10. Approved the addition of the Company's "Corporate Governance Best Practice Principles"</p> <p>11. Approval of the amendment to the "Procedures for Handling Material Inside Information".</p> <p>12. Approved the addition of the Company's "Corporate Social Responsibility Committee Charter"</p> <p>13. Passed the 2021 managerial officers' remuneration reviewed by the Remuneration Committee.</p> <p>Proposal for employees' compensation</p>	<p>1. Opinions of independent directors: Proposal 8 Independent Director Ning, Guo-Hui proposes to increase the audit of internal material information processing in 2023</p> <p>2. The Company's actions in response to the opinions of independent directors: For item 8, agree the suggestion of independent directors to add audit items</p> <p>3. Objections or reservations by independent directors: None.</p> <p>4. The results of the decision: all attendees agreed to pass.</p> <p>5. Others: For Motion 6 and 7, interested party Chairman Tim Chen withdrew from the case and did not participate in the discussion and voting, and passed the case with the consent of all the other directors present. For Motion 13, the interested parties, Chairman Tim Chen and Director Hung-Cheng Chen, withdrew from the discussion and voting of the case and passed the case with the consent of all the other directors present.</p>

<p>14 March 2023</p>	<ol style="list-style-type: none"> 1. Report on the implementation of treasury stocks 2. Report on the renewal of directors' liability insurance 3. Board of Directors Performance Evaluation Report 4. Enhancing the ability to prepare financial reports on its own 2022 Sustainability Report and GHG Inventory and Verification Schedule Planning Report. 6. Report on the Group Reorganization of the Company 7. Approved the 2022 Business Report and Financial Statements 8. Approved the 2022 earnings distribution proposal 9. Approved the 2022 distribution of remuneration for employees and directors. 10. Approved the proposal of stipulating the base date and issue price of the Company's private placement of common shares 11. Approved the by-election of directors 12. Approved to release the newly elected directors from non-competition restrictions 13. Approved the matters related to the convening of the 2023 regular shareholders' meeting 14. Approved the 2022 self-evaluation report on the effectiveness of the internal control system and the issuance of the "Statement of Internal Control System". Approved the base date and related matters for the capital increase of the company's employee stock option certificate in exchange for ordinary shares. 16. Approved the sale of shares in the subsidiary OOOO 17. Approved the Company's proposal to sign a credit line with OO Commercial Bank for operational turnover needs 18. Approved the Company's proposal to sign a credit line with OO Bank for operational turnover needs 19. Approved the cash capital increase of the reinvestment subsidiary OOO Co., Ltd. 20. Approved the loan to OOOO Proposal 	<ol style="list-style-type: none"> 1. Opinions of Independent Directors: None. 2. The Company's actions in response to the opinions of independent directors: None. 3. Objections or reservations by independent directors: None. 4. The results of the decision: all attendees agreed to pass. 5. Others: For Motion 16, 19 and 20, interested party Chairman Tim Chen withdrew from the case and did not participate in the discussion and voting, and passed the case with the consent of all the other directors present.
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(12) Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

(13) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, and principal research and development officer: None.

(14) The Company's personnel related to financial information transparency have obtained the relevant licenses designated by the competent authority:

Name of certification	Persons	
	Financial Accounting	Audit
Basic Competency Exam for Enterprise Internal Control organized by the Securities and Futures Institute	0	1
Basic Corporate Governance Competency Test organized by the Securities and Futures Institute	0	1

4. Information on CPA professional fees:

Range of CPA Professional Fees (Please tick the range or fill in the amount)

Name of accounting firm	Name of CPAs		Audit period	Remark
Deloitte & Touche	Alice Huang	Keng-Hsi Chang	111/1/1 ~ 111/9/30	Change of Accounting Firm
KPMG Certified Public Accountants Firm	Astor Kou	Hsin-Yi Kuo	111/10/1 ~ 111/12/31	

Note: If the Company has changed accountants or accounting firms this year, please list the audit period separately and explain the reason for the change in the remarks column.

Unit: NT \$thousand

Amount bracket	Fee Items	Audit fee	Non-Audit Fee	In compliance
				Accounting
1	Below NT \$2,000 thousand		265	265
2	NT \$2,000 thousand (inclusive) ~ NT \$4,000 thousand			
3	NT \$4,000 thousand (inclusive) ~ NT \$6,000 thousand	4,195		4,195
4	NT \$6,000 thousand (inclusive) ~ NT \$8,000 thousand			
5	NT \$8,000 thousand (inclusive) ~ NT \$10,000 thousand			
6	Over NT \$10,000 thousand (inclusive)			

If the company has the following circumstances, it should disclose the accountant's fee:

- (1) When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed:

Information on CPA professional fees

Unit: NT \$thousand

Name of accounting firm	Name of CPAs	Audit fee	Non-Audit Fee					CPA Audit Period	Remark
			System Design	Industrial and Commercial Registration	Manpower Resource	Other:	Sub-total		
Deloitte	Alice Huang Keng-Hsi Chang	1,870	-	45	-	220	2,135	111/1/1 ~ 111/9/30	Direct deduction method and application for repatriated offshore funds
KPMG	Astor Kou Hsin-Yi Kuo	2,325	-	-	-	-	2,325	111/10/1 ~ 111/12/31	

Note 1: If the Company has replaced the CPAs or accounting firm in the current fiscal year, the audit period shall be listed separately, and the reason for replacement shall be stated in the Remark column. Information regarding the audit and non-audit fees paid shall also be disclosed in order.

Note 2: Non-audit fees shall be listed separately according to the service items. If the "other" of the non-audit fees reaches 25% of the total non-audit fees, the service content shall be listed in the remarks column.

(2) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not applicable.

(3) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason (s) therefor shall be disclosed: Not applicable.

5. Change of CPA:

(I) Former CPA

Date of change	On 11 November 2022, the Board of Directors approved the replacement starting from the fourth quarter of 2022.		
Replacement reasons and explanations	Change of Accounting Firm		
State whether the Appointment is Terminated or Rejected by the Consignor or CPAs	Parties	CPA	Appointer
	Voluntary termination of appointment	Alice Huang	
Other issues (except for unqualified issues) in the audit reports within the last two years	Nil.		
Any disagreement with the issuer	Yes	-	Accounting principles or practices
		-	Disclosure of financial statements
		-	Audit scope or steps
		-	Other Other
	Nil.	V.	
		Explanation	
Other disclosures (where Article 10, Subparagraph 5, Item 1, Point 4 of the Regulations Governing Information to be Published in Annual Reports of Public Companies shall be disclosed)	Nil.		

(2) Regarding the successor CPA

Director	Services	Division	Name	Name	KPMG Certified Public Accountants Firm
Meeting	Accounting	Accountant	Name	Name	Kou Be CPA Benefits
Committee Member	Appointment	Other	Date	Term	On 11 November 2022, the Board of Directors approved the replacement starting from the fourth quarter of 2022.
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report					Nil.
Succeeding CPA's written opinion of disagreement toward the former accountant					Nil.
(3) Reply of the former accountant to the provisions of Article 10.5.1 and Article 10.5.2.3 of the Standards: Not applicable.					

6. The Company's Chairman, President, or any managerial officer in charge of finance or accounting matters has held a position at the accounting firm of its CPA or at an affiliated enterprise in the most recent year: None.

7. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Managerial Officer, or Shareholder with a Stake of More than 10 Percent

1. Changes in Shareholding of Directors, Managers and Major Shareholders

Job title	Name	Year 2022		As of 9 April 2023	
		Number of shares held (Decrease)	Number of pledged shares (Decrease)	Number of shares held (Decrease)	Number of pledged shares (Decrease)
Chairman	Tim Chen	(252,000)	0	(131,000)	(1,625,000)
Director	Hong-Jheng Chen	27,000	0	18,000	0
Director	Shih-Che Chien	25,000	0	0	0
Director	Kun-Chin Tsai	71,000	0	0	0
Independent Directors	Yung-Yen Chen	0	0	0	0
Independent Directors	Chun-Yao Li	0	0	0	0
Independent Directors	Lin Chang Hua	0	0	0	0
Independent Directors	Kuo-Hui Ning	0	0	0	0
President	Hong-Jheng Chen	27,000	0	18,000	0
Director	Bill Chiu	15,000	0	0	0
Chief Financial Officer	Shu-Mei Chang	15,000	0	25,000	0
Accounting Officer	Lisa Su	18,000	0	(18,000)	0
Major Shareholder	Tim Chen	(252,000)	0	(131,000)	(1,625,000)
Major Shareholder	Sino-American Silicon Products Co., Ltd.	0	0	15,000,000	0

Note 1: Shareholders who hold more than ten (10) percent of the Company's shares shall be noted as major shareholders and listed separately. Note 2: If the counterparty of equity transfer or equity pledge is a related party, the following table should be filled in.

2. Information on equity transfer to related parties: None.

3. Information on equity pledge to related parties: None.

8. Information on the relationship between any of the top ten shareholders:

112 April9

Unit: Share

Name	Shares Held		Shares held by spouse and minor children		Shares held in the name of others		The names and relationships of the top ten shareholders who have a relationship with each other in Financial Accounting Standards Bulletin No. 6 (Note1)		Remark
	Shares	Shareholding ratio Exchange Rate	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Company Name	Relation	
Tim Chen	17,559,971	15.29%	1,674,917	1.46%	-	-	Li-Li Chang	Spouses	
Sino-American Silicon Products Co., Ltd.	15,000,000	13.06%			-	-	-	-	
Li-Li Chang	1,674,917	1.46%	17,559,971	15.29%	-	-	Tim Chen	Spouses	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Union Investment Account	1,344,000	1.17%	-	-	-	-	-	-	
Shih-Che Chien	1,065,350	0.93%	-	-	-	-	-	-	
Wang, Ming-Sen	1,006,000	0.88%	-	-	-	-	-	-	
UBS Europe in the custody of Citibank Taiwan SE Investment Account	996,862	0.87%	-	-	-	-	-	-	
Wei-Hsien Wu	888,000	0.77%	-	-	-	-	-	-	
Berkeley Capital SBL under custody of Citibank / Customer	874,000	0.76%	-	-	-	-	-	-	
Shin Kong Life Insurance	779,000	0.68%	-	-	-	-	-	-	

Note 1: The shareholders listed in the previous disclosure, including legal persons and natural persons, shall disclose their relationship with each other in accordance with the issuer's financial report preparation standards.

9. The total number of shares and total equity stake held in any single enterprise by the Company, its directors and managers, and any companies controlled either directly or indirectly by the Company:

Dec. 31, 2022

Unit: thousand shares; Percentage%

Affiliated Enterprises (note)	Investment by the Company		Directors, supervisors, managers and direct supervisors Investments in directly or indirectly controlled businesses		General compliance Investment In	
	Shares	Shareholding Percentage%	Shares Numbers	Shareholding Percentage%	Shares Numbers	Shareholding Percentage%
BEC Technologies Inc. (Note 1)	2,294	91.76	-	-	2,294	91.76
Billion Watts Technologies Co., Ltd. (Note1)	6,448	60.26	-	-		
Billion Sunpower Co., Ltd. (Note1)	10,000	100.00	-	-	10,000	100.00
Shengwei Energy Storage Co., Ltd. (Note1)	8,000	100.00	-	-	8,000	100.00
Billion Energy Storage Technologies Inc. (Note 3)	-	-	-	-	-	-
Pacific Solar Limited (Note 1)	-	100.00	-	-	-	100.00
Jing-Hao Energy Co., Ltd. (Note1)	1,041	51.00	-	-	1,041	51.00
Taichuang Energy Co., Ltd. (Note1)	100	100.00	-	-	100	100.00
Hsia Ching Co., Ltd. (Note 2)	2,700	5.24	-	-	2,700	5.24
BEC International, LLC (Note 1)	-	100.00	-	-	-	100.00
Avantek Systems PTE. LTD (Note 1)	270	74.99	-	-	270	74.99
Shanda Energy Storage Technology Co., Ltd. (Note 1)	200	100.00	-	-	200	100.00
Chihda Technology Co., Ltd. (Note1)	510	51.00	-	-	510	51.00
Shengri Energy Storage Technologies Co., Ltd. (Note 1)	200	100.00	-	-	200	100.00

Note 1: The Company is a subsidiary included in the consolidated financial statements. Note 2: Affiliates in which the Company invests.

Note 3: The Company signed a share transfer contract to dispose of 100% of the shares of Shengqun Energy Storage Technology Co., Ltd. in September 2022, and the disposal was completed in October 2022.

Fundraising

1. Capital and Shares:

(1) Source of capital

1. Type of shares:

9 April 2023

Type of Stock	Audit		Total Shares	Remark
	Outstanding shares	Un-issued Shares		
Common shares	114,969,311	135,030,689	250,000,000	Listed

2. As of the publication date of the annual report, the formation of share capital:

Unit: NT \$/ shares

Year/ Month	Issue price	Approved Share Capital		Paid-up capital		Source of Capital	Equipment Capital Increase by Assets Other than Cash or	Note 1	
		Shares	Total amount	Shares	Total amount			Other	Other
62/3	10	600,000	6,000,000	600,000	6,000,000	Established 6,000,000	Nil.		—
65/8	10	720,000	7,200,000	720,000	7,200,000	Capital increase by cash 1,200,000	Nil.		—
71/4	10	1,080,000	10,800,000	1,080,000	10,800,000	Capital increase by cash 3,600,000	Nil.		—
74/11	10	1,728,000	17,280,000	1,728,000	17,280,000	Capital increase by cash 6,480,000	Nil.	74 Jian 3 Zi No. 3897793	
78/4	10	3,600,000	36,000,000	3,600,000	36,000,000	Capital increase by cash 18,720,000	Nil.	Jing (78) Shang No. 122673	
79/11	10	4,320,000	43,200,000	4,320,000	43,200,000	Capital increase by retained earnings 7,200,000	Nil.	Jing (80) Shang No. 103655	
81/11	10	5,040,000	50,400,000	5,040,000	50,400,000	Transferred 7,200,000	Nil.	Jing Tai-Shang (1) Fa-Zi No. 126798	
85/5	10	7,560,000	75,600,000	7,560,000	75,600,000	Capital increase by cash 25,200,000	Nil.	eighty-five Jian-San-Zi No. 185796	
86/10	10	15,120,000	151,200,000	15,120,000	151,200,000	Capital increase by cash 75,600,000	Nil.	Jing (86) Shang No. 125890	
87/4	10	30,000,000	300,000,000	19,656,000	196,560,000	Capital increase by retained earnings 22,680,000 Transferred 22,680,000	Nil.	Jing (87) Shang No. 110480	
88/9	10	30,000,000	300,000,000	25,552,800	255,528,000	Capital increase by retained earnings 51,105,600 Transferred 7,862,400	Nil.	Jing (88) Shang No. 88139623	
89/9	10	52,800,000	528,000,000	38,813,920	388,139,200	Capital increase by retained earnings 104,611,200 Transferred 28,000,000	Nil.	Jing (89) Shang No. 89134648	
90/8	10	68,000,000	680,000,000	56,741,024	567,410,240	Capital increase by retained earnings 179,271,040	Nil.	Jing (90) Shang No. 09001269890	
91/5	10	84,000,000	840,000,000	72,234,002	722,340,020	Capital increase by retained earnings 154,929,780	Nil.	(91) Tai-Cai-Zheng (I) No. 126448	
92/7	10	92,000,000	920,000,000	86,197,933	861,979,330	Capital increase by retained earnings 139,639,310	Nil.	Jing-Shou-Shang-Zi No. 09201229300	
93/8	10	92,000,000	920,000,000	89,591,250	895,912,500	Capital increase by retained earnings 33,933,170	Nil.	Jing-Shou-Shang-Zi No. 09301157220	

94/8	10	92,000,000	920,000,000	91,514,326	915,143,260	Consolidated 19,230,760	Nil.	Jing-Shou-Shang-Zi No. 09401148210
94/8	10	107,800,000	1,078,000,000	95,950,099	959,500,990	Capital increase by retained earnings 44,357,730	Nil.	Jing-Shou-Shang-Zi No. 09401194840
95/9	10	107,800,000	1,078,000,000	96,215,341	962,153,410	Capital increase by retained earnings 18,652,420 Capital reduction 16,000,000	Nil.	Jing-Shou-Shang-Zi No. 09501216660
99/3	10	107,800,000	1,078,000,000	95,620,917	956,209,170	Cancel ed- 5,944,240	Nil.	Jing-Shou-Shang-Zi No. 09901055710
99/6	10	150,000,000	1,500,000,000	95,620,917	956,209,170		Nil.	Jing-Shou-Shang-Zi No. 09901120550
100/3	10	150,000,000	1,500,000,000	94,793,917	947,939,170	Cancel ed- 8,270,000	Nil.	Jing-Shou-Shang-Zi No. 10001064610
103/7	10	150,000,000	1,500,000,000	93,399,325	933,993,250	Canceled 13,945,920	Nil.	Jing-Shou-Shang-Zi No. 10301139440
103/9	10	150,000,000	1,500,000,000	96,667,703	966,677,030	Capital increase by retained earnings 32,683,780	Nil.	Jing-Shou-Shang-Zi No. 10301197870
104/9	10	150,000,000	1,500,000,000	97,634,380	976,343,800	Surplu s conver sion 9,666,770	Nil.	Jing-Shou-Shang-Zi No. 10401197880
106/9	10	150,000,000	1,500,000,000	99,095,311	990,953,110	Capital increase by retained earnings 14,609,310	Nil.	Jing-Shou-Shang-Zi No. 10601128710
107/10	10	150,000,000	1,500,000,000	98,856,311	988,563,110	Cancel ed- 2,390,000	Nil.	Jing-Shou-Shang-Zi No. 10701128770
110/9	10	250,000,000	2,500,000,000	98,856,311	988,563,110		Nil.	Jing-Shou-Shang-Zi No. 11001163500
111/11	10	250,000,000	2,500,000,000	99,697,811	996,973,110	Employee recognition 8,410,000	Nil.	Jing-Shou-Shang-Zi No. 11101223980
112/03	10	250,000,000	2,500,000,000	99,868,811	998,688,110	Employee recognition 1,715,000	Nil.	Jing-Shou-Shang-Zi No. 11230048780
	10	250,000,000	2,500,000,000	114,868,811	1,148,688,110	150,000,000 Private placement	Nil.	

3. Information relevant to the aggregate reporting policy: None.

(2) Shareholder structure

9 April 2023

Shareholder structure Quantity	Government Institutions	Finance Institutions	Other: Corporate entity	Foreign institutions and foreigners	Individuals	In compliance Accounting
People Numbers	0	5	183	41	33,101	33,330
Shares Held	0	1,682,000	19,314,047	5,476,889	88,496,375	114,969,311
Shareholding Ratio	0.00%	1.46%	16.81%	4.76%	76.97%	100.00%

(3) Shareholding distribution

9 April 2023

Holding points Level 3	Shares	Number of shareholders	Shares Held	Shareholding Ratio
1 to 999	999	20,809	525,830	0.46 %
1,000 to	5,000	10,242	20,109,603	17.49 %
5,001 to	10,000	1,214	9,792,899	8.52 %

10,001 to 15,000	323	4,167,102	3.63 %
15,001 to 20,000	243	4,590,150	3.99 %
20,001 to 30,000	189	4,859,263	4.23 %
30,001 to 40,000	78	2,771,969	2.41 %
40,001 to 50,000	51	2,352,558	2.05 %
50,001 to 100,000	100	7,006,809	6.10 %
100,001 to 200,000	42	5,702,090	4.96 %
200,001 to 400,000	18	5,139,985	4.47 %
400,001 to 600,000	7	3,503,973	3.04 %
600,001 to 800,000	4	2,871,980	2.49 %
800,001 to 1,000,000	3	2,758,862	2.40 %
1,000,001 or more	7	38,816,238	33.76 %
In compliance Accounting	33,330	114,969,311	100.00 %

(4) List of top ten shareholders

9 April 2023

Unit: Shares

Name of shareholder	Shares Held	Shareholding Ratio
Tim Chen	17,559,971	15.29%
Sino-American Silicon Products Inc.	15,000,000	13.06%
Li-Li Chang	1,674,917	1.46%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Union Investment Account	1,344,000	1.17%
Shih-Che Chien	1,065,350	0.93%
Wang, Ming-Sen	1,006,000	0.88%
Citibank (Taiwan) Commercial Bank is entrusted with the custody of UBS Europe SE Investment Account	996,862	0.87%
Wei-Hsien Wu	888,000	0.77%
Berkeley Capital SBL under custody of Citibank	874,000	0.76%

(5) Market price, net value, earnings and dividends per share for the last two years:

Unit: Share/NT \$

Line Item	Year Degree		Year 2021 (Distributed in 2022)	Year 2022 (Distributed in 2023)	Current year up to March 2023 31 December
	Project				
per share Market value	Highest	High	33.70	40.50	48.8
	Highest	Low	17.05	16.55	32.55
	parallel	Average	23.28	22.50	41.87
per share Net value (Note1)	Before Appropriation		15.76	15.93	-
	After allocation		-	-	-
per share Earnings	Weighted average shares		97,567,659	98,037,908	-
	EPS		0.28	0.41	-
per share Dividend s	Cash Dividend		-	-	Not applicable.
	Nil. Repaym ent After distribut ion Shares	Surplus allotment	-	-	
		From capital surplus	-	-	
	Accumulated Undistributed Dividends			-	
Anal ysis of retur n on inve stme nt	Price/Earnings Ratio (Note 2)		83.14	54.88	
	Price/Dividend Ratio (Note 3)		-	-	
	Cash dividend yield (Note 4)		-	-	

Note 1: Please fill these rows based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved at the shareholders' meeting in the subsequent fiscal year. Note 2: Price/Earnings Ratio = Average Market Price/Earnings per Share.

Note 3: Price/Dividend Ratio = Average Market Price/Cash Dividends per Share.

Note 4: Cash dividend yield = cash dividend per share/average closing price per share for the year. Note 5: The 2022 earnings distribution has not yet been resolved by the 2023 shareholders' meeting.

**(6) Implementation of the
Company's dividend policy:**

- Dividend policy:
The Company's dividend policy is designed to meet present and future development projects and takes into consideration the investment environment, funding requirements, international or domestic competitive conditions while simultaneously meeting

shareholders' interests. The Company shall set aside share dividends at no less than 10 percent of the distributable earnings each year. However, if the accumulated distributable earnings are less than 5 percent of the Company's paid-in capital, such dividends shall not be distributed. In distributing dividends and bonuses to shareholders, the proportion of cash dividends shall not be less than five percent of the total amount of dividends distributed in the current year, and the rest shall be distributed in the form of stock dividends. However, the actual distribution ratio may be adjusted according to the actual profit and operating conditions of the current year.

2. Loss make-up for the shareholders' meeting (not yet approved by the shareholders' meeting)
2022 Earnings Distribution Table

Unit: NT \$

Line Item	Project	Funds	Net Amount
Accumulated distributable earnings at the beginning of the period			4,128,858
Add: Remeasurement of defined benefit plan recognized in retained earnings			3,182,362
Accumulated distributable earnings at the beginning of the period after adjustment			7,311,220
Add: Net profit after tax in 2022			39,904,955
S u b - t o t a l			47,216,175
Less: Legal reserve			(4,308,732)
Less: Reversal of special reserve (Note 1-3)			18,277,609
Accumulated distributable earnings at the end of the period			61,185,052
Distribution items:			
Shareholder dividend (NT \$0.3 per share in cash)			(29,387,343)
Undistributed earnings at the end of the period			31,797,709

(Note)

1. In accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, the translation difference on the translation of the financial statements of foreign operating institutions in the accounts of NT \$-6,080,390 and the unrealized gain or loss on financial assets at fair value through other comprehensive income of NT \$-41,491,876, totaling NT \$-47,572,266, shall be recognized as special surplus.
2. As of 31 December 2020, the Company has set aside a total of NT \$65,849,875 as special reserve.
3. In accordance with the above points 1-2, the Company should set aside additional special reserve as of 31 December 2021.
NT \$18,277,609.
4. The treasury shares held by the Company shall not be entitled to shareholders' equity in accordance with the law. However, if there are changes in the number of treasury shares before the distribution base date, the distribution amount per share shall be adjusted based on the shareholding ratio of the shareholders as recorded in the register of members on the distribution base date, provided that the total amount of shareholder dividends remains unchanged.
5. The distribution table is based on the 97,957,811 shares outstanding as of 28 February 2021.

Chairman:

Managers:

Accounting Officer:

(7) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: Not applicable.

(8) Remuneration to employees and directors:

1. The percentages or ranges with respect to employee and director compensation, as set forth in the Company's Articles of Incorporation:

If the Company has gained profits within a fiscal year, no less than two percent of the profits shall be set aside for employee compensation, and the Board of Directors shall decide whether to distribute in the form of shares or in cash. Employee compensation shall be paid to employees of the Company's subordinate companies who meet certain

criteria; The Company may allocate no more than three percent of the above-mentioned profit amount as directors' remuneration by resolution of the board of directors. The distribution of remuneration to employees and directors shall be reported to the shareholders' meeting.

However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate employee remuneration and director remuneration in proportion to the preceding paragraph.

If there is a surplus in the Company's annual final accounts, after paying taxes and making up for the accumulated losses in accordance with the law, 10% will be allocated as the statutory surplus reserve, but when the statutory surplus reserve has reached the paid-in capital of the Company, it may not be allocated, and the rest will be allocated or reversed as a special surplus reserve in accordance with the provisions of the law; If there is any remaining balance, together with the accumulated undistributed earnings, the Board of Directors shall prepare a proposal for the distribution of earnings and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

2. The basis for estimating the amount of employee, director, and supervisor compensation, and the basis for calculating the number of shares to be distributed as employee compensation.

The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

- (1) The basis for estimating the amount of employee and director compensation for the current period: Please refer to (VI) 1. Description of the Company's dividend policy.
- (2) The basis for calculating the number of shares to be distributed as stock dividends for the current period: The Company did not distribute stock dividends in the current period, so it is not applicable.
- (3) The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

If there is a significant change in the amount of distribution resolved by the Board of Directors, the change is adjusted to the original annual expense. If there is still a change in the amount on the date of the resolution of the shareholders' meeting, the change is treated as a change in accounting estimates and will be adjusted and recorded in the year of the resolution of the shareholders' meeting.

3. Remuneration to be distributed as approved by the Board of Directors:

As resolved by the Board of Directors on 18 March 2022, the Company will make up for losses at the end of the period, so no employee compensation and director compensation were distributed.

4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:

- (1) The Company's 2021 earnings used to distribute employee bonuses and directors' remuneration:

Unit: NT \$

	Year 2021			
	Resolutions of Shareholders' Meeting Actual distributed amount	Original approved by the Board of Directors Proposed allotment	Difference	Reasons for differences
1. Distribution				

1. Employee cash bonus	2,577,000	2,577,000	0
2. Dividends to Shareholders	0	0	0
3. Remuneration of Directors	486,000	486,000	0

(2) There is no difference between the above amount and the actual allotment of employee bonuses and directors' remuneration recognized.

(9) Share repurchases:

Buy Term	Redemption times	10thmeeting	11th	12thmeeting
Buy Project	Redemption Name	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees
Buy Term	Redemption Period	209/12/29 ~ 110/2/1	110/6/22 ~ 110/8/9	10 August 2010 ~ Sep. 28, 111
Price range		NT \$19.02	NT \$23.12	NT \$18.94
Type and quantity of shares bought back		Common shares 1,200,000 shares of common stock	Common shares 800,000 shares of common stock	Common shares 168,000 shares of common stock
Amount of shares bought back		TWD NT \$22,822,074	TWD NT \$18,492,041	TWD NT \$3,181,498
Ratio of the number of shares bought back to the planned number of shares to be bought back (%)		100%	100%	8.4 %
Number of shares canceled and transferred		(1) 962,000 shares to employees (2) 15,000 shares to employees (3) 112/3/17 for transfer to employees 25,000 shares	Not yet transferred	Not yet transferred
Accumulated number of company shares held		1,200,000 shares of common stock	2,000,000 shares of common stock	1,191,000 shares of common stock
The cumulative number of shares held by the Company accounted for Ratio (%)		1.21%	2.02%	1.20%

2. Issuance of corporate bonds

(including overseas corporate bonds): None.

3. Preferred Shares: None.

4. Participation in the issuance of overseas depositary receipts: None.

5. Employee Stock Options:

9 April 2023

Type of employee stock warrants (Note 2)	First (batch) Employee stock option (note5)	The second time (period) Employee stock options (note5)	The third time (period) Employee stock options (note 5)
Effective date of application	6 August 2020	6 August 2020	6 August 2020
Date of issue (Note 4)	10 August 2020	26 March 2021	18 June 2021
Number of units issued	2,559 units	130 units	Unit 111
Ratio of subscribed shares issued to total shares issued Ratio	2.59%	0.13%	0.11%
Option Duration	5 years	5 years	5 years
Exercise method (Note 3)	Issue new shares	Issue new shares	Issue new shares
Restricted subscription period and ratio (%)	After 2 years/50% subscription ratio After 3 years/75% subscription ratio After 4 years/100% subscription ratio		
Number of shares acquired	1,058 units	55 units	0
Amount of executed subscriptions	NT \$133,308,000	NT \$1,289,750	0
Number of shares that have not been subscribed	1,051 units	75 units	Unit 111
Subscription price per share of the unsubscribed shares	NT \$12.60	NT \$23.45	NT \$22.65
Proportion of unsubscribed shares Percentage of total issued shares (%)	0.91%	0.07%	0.10%
Impact on shareholders' equity	-	-	-

Note 1: The handling of employee stock option certificates includes publicly offered and privately offered employee stock option certificates. Publicly offered employee stock option certificates refer to those that have become effective by the Association; The private placement of employee stock warrants in progress refers to those that have been approved by the shareholders' meeting.

Note 2: The number of fields depends on the actual number of transactions.

Note 3: Specify the delivery of issued shares or the issuance of new shares.

Note 4: If the issuance (processing) date is different, it should be listed separately. Note 5: Private placement shall be indicated in a clear manner.

6. Issuance of New Restricted Employee Shares: None.

7. Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

8. Implementation of fund utilization plan: Please refer to page 137.

V. Business Overview

1. Business Activities

(1) Business Scope

1. The business content of the Company includes:

- (1) Design, manufacture and sales of electronic components and related electronic products.
- (2) Design, manufacture and sales of computers, computer peripherals and computer software applications.
- (3) xDSL, G.fast, FTTH (Fiber to the Home) and LTE/5G indoor and outdoor broadband terminal equipment, as well as the design, manufacturing and sales of industrial and automotive routers.
- (4) Acting as an agent for foreign manufacturers in the preceding related product quotation, tender and distribution business.
- (5) General import and export trade business (except licensing).
- (6) Sales of solar professional inverters.
- (7) Development and introduction of integrated solar monitoring system.
- (8) Energy storage container assembly plant-Provide energy storage products and OEM services.
- (9) Energy storage system integration service (SI) -design planning/construction of modems/one-stop operation and maintenance.
- (10) Maintenance and construction of solar energy and energy storage system.

2. Business proportion

Unit: NT \$thousand; Percentage%

Production Type	Products	Revenue in 2022	Business proportion
Electricity Production	Source Products	186,152	15.37
Communication Products	Information Production	385,885	31.85
	Renewable energy (including electricity sales)	639,381	52.78
	In compliance Accounting	1,211,418	100.00

3. Current products (services) of the Company

- (1) Power supply and adapter
- (2) LED driver
- (3) xDSL Router, IAD
- (4) P2P (Active Ethernet) Fiber Router/Gateway
- (5) LTE/5G terminal access equipment, industrial and vehicle routers
- (6) Solar energy management solution
- (7) Solar power plant energy management system and monitoring system
- (8) Inverter and optimizer products
- (9) Energy Storage System energy storage system products
- (10) Maintenance services for solar power plants
- (11) Energy storage system integration service (SI) -design planning/construction of modems/one-stop operation and maintenance.
- (12) Energy storage container assembly plant-Provide energy storage products and OEM services.

4. New products (services) to be developed

- (1) Developed xDSL/G.fast access equipment that meets the needs of Triple Play (data, voice, and video).
- (2) Development of LTE/5G integrated WiFi 4/5/6 (802.11n/ac/ax) and VoIP broadband routers.
- (3) LTE/5G terminal access equipment, industrial and vehicle routers.
- (4) Customized power supply products.
- (5) Power supply for industrial control and medical regulation.
- (6) Power adapters that comply with the latest QC and PD specifications.
- (7) Research and develop renewable energy intelligent monitoring system software and hardware
- (8) Large-scale energy storage system and optical storage system.
- (9) Battery storage cabinet.
- (10) EV charging piles.

(2) Industry Overview

1. Industry status and development

A. Power supply products

The application of power supply is the largest in information, communication and consumer electronic products, followed by industrial products and medical instruments. Its main function is to provide "high efficiency, high security and reliability" power supply for electronic products or machinery and equipment. In recent years, due to the global warming problem, the requirements of environmental protection and high

efficiency are increasing with the introduction of relevant regulations in the European Union and the United States, and the market demand is also increasing. With the continuous expansion of information and communication products, the global power supply market maintains stable growth.

The market for LED lights is expanding due to the increasing penetration of the market and the increasing demand for drivers, which is in line with the trend of energy saving, long life and no mercury.

B · Network communication products

The CAGR (compound annual growth rate) of 4 G LTE/5 G NR fixed wireless access equipment from 2023 to 2030 is as high as 39.9%, and will reach USD 343,000,000,000.

With the increasing coverage of 5G networks in various countries, the key equipment for laying 5G last mile is regarded as a weapon for telecom companies to seize the broadband market by taking advantage of the low deployment cost of 5 G FWA, convenient installation, and large base station coverage for service provision.

In addition, 5G has the characteristics of large bandwidth (eMBB), Dalian (mMTC), and ultra-low latency (URLLC), and 5G applications are also increasing day by day. In addition to the network demand in rural areas, applications related to smart transportation, public safety, and industrial IoT are becoming more and more extensive.

C. Solar energy and energy storage

The original goal of Taiwan's energy policy in 2025 is that renewable energy will account for 20%. However, due to economic growth, the return of Taiwanese businessmen, and the demand for semiconductor plant expansion, the power consumption will increase significantly, so the proportion of renewable energy will only account for 15.2%. The government's energy policy was originally planned that renewable energy will account for 20%, gas 50%, and coal 30% in 2025. The energy transformation policy was originally planned to have 20GW of photovoltaic power and 5.6GW of offshore power installed capacity in 2025, which will be the same as the goal of completion by the end of 2025.

According to Taipower's current auxiliary service capacity planning by 2025, the terms for large power users, and other related According to the forecast of the development policy, the scale of Taiwan's energy storage market will begin to grow significantly in 2023, and the cumulative capacity will exceed 1GW/3GWh by 2025. From 2026 to 2030, with the increase in the proportion of renewable energy power generation and the fermentation of environmental factors such as the price reduction of energy storage equipment, the energy storage market will enter an explosion period, and it is optimistic that the cumulative scale of energy storage will grow rapidly from about 3GWh to 20GWh in 2030. It is estimated that as much as 90% of Taiwan's energy storage is a pre-table market, and the application ratio of optical + storage has the opportunity to reach 50%.

According to the TrendForce Green Energy Research (EnergyTrend) survey, the configuration of centralized energy power generation towards smart distributed power grids has become an inevitable trend of smart cities in the future. The global large-scale energy storage (BESS) capacity will reach 3.2GWh in 2020, and the compound annual growth rate will reach 22% from 2019 to 2024.

2. Association between upstream, midstream and downstream industries A. Power supply and energy management products

Up Downstream	Medium Downstream	Lower Downstream
------------------	----------------------	---------------------

PCB Manufacturing Active Components Manufacturing (Semiconductor IC) Passive Components Manufacturing (Resistor, transistor, etc.) Magnetic component manufacturing (Transformers, filters, etc.) Wire and Cable Industry	Transformer and power supply design and manufacturing	Computer information and peripheral equipment Communication and electronics Consumer electronics industry Medical equipment Manufacturers of industrial electronic equipment, military, aerospace industrial equipment lamps System integrators
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B · Network communication products

Up Downstream	Medium Downstream	Lower Downstream
Key technology R & D and design (Software and hardware) Active Components Manufacturing (Communication chipset) Manufacture of passive components (resistors, capacitors, etc.) Manufacture of magnetic components (transformers, etc.) PCB manufacturing	xDSL, G.fast, FTTH, LTE/5G and other network communication product design and manufacturing	Distributor (Agents, distributors, etc.) Network system integration industry Network communication service industry Telecommunications company

3. Future development trend of products (1) Product diversification

Power supplies are indispensable electronic components in computers, household electronic products and various electronic products. As the vigorous development of the downstream electronics, computer and communication industries is bound to bring electronic products to another peak consumption, the future development of power supplies still has potential, but the power supplies used in different electronic products will develop towards more diversified development. In terms of network communication products, in addition to indoor, outdoor and automotive products, wireless broadband network (LTE/5G) products, we are more actively developing industrial and power vertical market application products. Adding high threshold, high value-added niche markets, and continue to innovate.

(2) Technology upgrade trend

Maintaining product competition is the only way to continuously improve R & D technology and continuously strengthen product functions. The improvement of technology and product functions relies on actively cultivating technical talents, then develop new technologies, and strengthen the ability to develop and design high value-added products to meet the market possibility of rapid product innovation and customer expectations for high quality standards.

(3) Cost reduction trend

There are many domestic manufacturers of power supply and network access related products, and various manufacturers have invested a lot of funds to expand production capacity, and even gradually transferred production lines to mainland China or the ASEAN in order to reduce costs and maintain competitive advantages. A continuous decline in prices is an inevitable trend. How to reduce costs and maintain gross profits is an important issue in the power supply and network communication industry at present.

(4) Energy management related technology investment and product development

Billion Watts Technologies currently has three major product projects: sales of professional inverters, development and introduction of integrated monitoring systems, construction of energy storage systems, and construction of maintenance and engineering systems. In terms of the sales of the first inverter, since the second quarter of 2020, it has been converted into SolarEdge inverter and optimizer products that are purchased and sold by itself. Up to now, the total number of SolarEdge projects on the line is about 125MWp. The latest M1600 power optimizer is suitable for all 400W (inclusive) single-sided and double-glass double-sided power generation modules. It is characteristic to provide 2 groups of 2 module series input ends, each input end supports DC power input 900W, and 2 groups of MPPT total 1800W exclusive design. In the second half of 2021, a total of 77.52MW of Tainan Qigu and 30MW of Pingtung Fangliao were shipped; Customers who use SolarEdge for large power users, including China Ecotek Corporation 12MW and Tung Ho Steel Corporation 20MW, emphasizing optoelectronic safety and 20-year warranty and maintenance.

In the development and expansion of the second monitoring system, Pixel View also integrates the deep ultra-high voltage SCADA monitoring foundation of the shareholder, Qishuo Technology Co., Ltd., to provide a large solar energy site (with a capacity of 20MW and above the transmission level), which must be connected to the ultra-high voltage system (such as 69kV, 161kV, etc.) SCADA system. At present, the SCADA project that is being closed includes 77.52MW of Tainan Qigu, 20MW of Tainan Qianyao, and 40MW of Pingtung Gaoshu. Medium voltage 11.4 kV & 22.8kV The newly launched SG6400NZZL passed the Taipower DREAMS DNP 3.0 hardware certification. In January 2022, Pixel View officially passed the DREAMS software certification, becoming the first hardware and software in Taiwan that passed the test. Under 11.4kV on the low pressure side, the Company will undertake 350 sessions of Sunshine Lake Island and 24 sessions of enterprise comprehensive monitoring and rectification in Shinfox, and will appoint Billion Watts as the monitoring partner to continue to expand the market share of Pixel View in Taiwan.

The third one is the construction of the energy storage system. At present, the first energy storage system of 2.5MW/1.65MWh used SolarEdge Kokam battery cabinet and TECO Anhua PCS has been completed. The Company first bids on the Taipower trading platform of 1.1MW, and with the self-developed EMS system, participates in the dReg 0.5 bidding of

Taipower's "Day-Ahead Auxiliary Service Market"; Launched one-stop products and services in the market, from 20-foot, 30-foot, and 40-foot energy storage containers, energy storage converters (PCS), battery management systems (BMS), energy management systems (EMS), EPC construction contracts, as well as O & M maintenance and Bidding bidding platform, providing distribution-grade (11.4 kV & 22.8kV) and transmission-grade (69 kV & 161kV), nearly 50MW orders to be built across dReg 0.25, dReg 0.5, and E-dReg, with a 0.5-1C discharge and a battery warranty of 10 years, combined with major renewable energy investors, to expand the scale of energy storage in Taiwan with the goal of 20-50MW each year.

The fourth item is the maintenance, operation, and engineering system. There are 6 colleagues in Billion Watts considering the license of the first electricity trader of Taiwan Power Company. In addition to bidding on behalf of customers and qualified as an agent for polymerization businesses, the Company also equipped with 15 licensed professionals, including Level B solar technician, mechanical and electrical equipment, labor safety and roof operators, set up service bases in Nanzi District, Kaohsiung and Longde District, Yilan, after the Taipei and Yunlin direct operation engineering service offices, to deepen the after-sales technical service capabilities of professional solar photovoltaic and energy storage equipment service providers, with an average daily energy storage efficiency of 75%-85% and SBSPPM \leq 95%. With the special services of professional insurance and financing integration services, continuous and passive operating income is driven every year.

(5) Competition

A. Power and Energy Management Business

(a) Power supply and LED driver

Our competitors are mainly from Taiwan and China, such as FSP, Lite-On, Delta, Pihong, Mean, Infinite, Mao Shuo, etc.

(b) Renewable energy software and hardware and energy storage equipment

1. Completed the artificial intelligence diagnostic system for solar power plant equipment, and the integrated system test is in progress.
2. Taipower completed the Dream system certification, and is waiting to log in to a qualified manufacturer by Taipower.
3. Medium and high voltage equipment integration ongoing (atmospheric thermometers, wind directions, and dry joints), the integration is nearly 85%.
4. Web Service provides a third-party data integration system.

B. Network communication business

(a) xDSL products

Broadband products competitors, due to market growth, can still occupy a place as long as the products are well-positioned. In the past few years, faced with the saturation of wired broadband demand and the competitive challenge of wireless broadband, in order to maintain the competitive advantage, xDSL and LTE/5G integrated products are necessary, and the Company will continue to launch this type of new product.

(b) LTE products

The 3550-3700 MHz band was originally provided for US military and satellite use. In order to open the band for commercial use, the FCC defined the band as CBRS B48, 5 G NR n48. September 2022 Launched North America's first BEC AirConnect®8231 outdoor 5G router certified by FCC Part 96 CBRS and OnGo®, which can be applied to various fixed wireless access (FWA) markets, and provide

users with a broadband experience that surpasses competitors to provide extremely high data speed, lower latency, broader coverage and larger network capacity.

(c) 5G Products

5 G Sub-6GHz indoor router 8112V is the latest 5G module and supports Gigabit Ethernet interface and Wi-Fi 5 (802.11ac) wireless local area network. We also launched 5 G Sub-6GHz outdoor router 8232, which can support both LTE and 5G wireless communication technologies (EN-DC) at the same time, to provide higher-speed fixed wireless broadband access (FWA) functions and meet the network speed requirements of more applications. In terms of millimeter wave (5 G mmWave) outdoor routers, 8243 uses high-power millimeter wave phase array antennas to provide long-distance transmission. 8243 supports 2.5 Gigabit Ethernet interface for high-speed millimeter wave transmission, and samples are being tested with North American wireless service providers.

(d) M2M products

In the industrial market, we provide solutions for various applications, and launch M600-M12-FA 5G. For the M12 and FAKRA-connector 5 G NR routers in the European vehicle-mounted market, they can be installed correctly in any environment, and with smart Ignition sense power detection function to ensure that the battery operation is secure. Equipped with strong metal casings, wide temperature, wide power input, smart Ignition sense, dual SIM card backup, 5G, or dual LTE, NB-IoT/M1 modules, plus Wi-Fi hotspots, network ports, serial ports (RS-232/RS-485) Diversified interface design. Support VPN, NAT, Firewall, Modbus/TCP, Failover/Failback backup technology, combined with BECentral remote equipment management platform, to provide 5G/LTE routers with high reliability, high availability and high connection speed, which are used in smart transportation and public safety, including smart busses, police vehicles, fire trucks, and gateway signs control, etc. Industrial applications in the remote monitoring market, such as installation in river gates, power equipment, smart agriculture, natural gas equipment monitoring, use of 5G/LTE networks to transmit remote monitoring information/video back to the central control center to overcome the restriction of outdoor long-distance data transmission. Enhance market competitiveness.

(3) Technology and R & D Overview

1. Research and development expenses in the last two years

Unit: NT \$thousand

Year	Net operating revenue	Research and development expenses	Percentage%
Year 2021	1,048,947	92,872	8.85%
Year 2022	1,211,418	86,540	7.14%

2. Successfully developed technologies or products in the last five years

Year 2018	<ul style="list-style-type: none"> ■ Billion Electronic cooperates with wireless and networking solution providers in Canada to launch V/ADSL2 + router series-BiPAC 8700 NEXL R3 and 8700 VNXL. The BiPAC 8700 series has passed the V/ADSL2 + modem test of Bell Telecom Canada and successfully obtained certification. ■ Billion Electronic's BiPAC 8200 AXL-1200 successfully integrates the high-speed modules (CAT11 and CAT12) of multiple global IoT&M2M wireless solution providers, and the download rate can reach 600 Mbps. It can also integrate specific transmitters through the USB interface and have the same performance as 4 G LTE using the unlicensed spectrum 5GHz. ■ MX-100U obtained Verizon certification; MX-230 obtained Verizon Cat. M1 certification; 4700AZ and MX-210NP received Sprint and AT&T certifications, respectively.
Year 2019	<ul style="list-style-type: none"> ■ MX-200Ae received Verizon certification. ■ Received North America's first FCC Part 96 CBSD certification for the 6900 CBRS model. ■ Launched high-availability LTE broadband connectivity, dual WAN failover/recovery and GPS real-time location tracking industrial control/vehicle router-M120N. ■ Launched BiPAC 8200AX/8200ATAL for professional users to create firmware that can develop, add or modify devices, and support open source (OpenWrt) routers. ■ Combined with the market demand for mobile communication and Wi-Fi application, the Company developed and designed M600-PT vehicle-mounted and public safety router for vehicle-mounted. The Ethernet interface of the equipment is changed to M12 connector, which can ensure strong and stable connection. It is planned that the product will pass the vehicle E-Mark certification and the ITxPT professional certification. ■ Entered the manufacturing and sales of battery energy storage cabinet in November.
Year 2020	<ul style="list-style-type: none"> ■ Billion Electronic introduces the BiPAC 121P, a three-card single-standby VPN router with flexible multi-SIM or multi-WAN failover options for uninterrupted Conductor-BiPAC 8206AZ. internet services between mobile operators. ■ Billion Electronic launched the first onGoTM certified LTE CPE-CBSD (public wireless broadband access device) ODU-6900 R21G in North America. ■ Billion Electronic launched the integrated EWAN, LTE and V/ADSL2 + and synchronous dual-band wireless access transmission. Equipped with a SIM card slot to connect the cutting-edge LTE mobile network designed for SOHO and home use
Year 2021	<ul style="list-style-type: none"> ■ Launched a more complete product series to meet the needs of various CBRS s, including MX-241NP, an indoor LTE-A Cat. 4 router with excellent product functions, and 7000 R28/R26, an outdoor LTE-A Pro 15/Cat. 18 CBR router with high-speed connection. ■ Launched the 5 G Sub-6GHz indoor router 5500A, which adopts the latest 5G modules and supports Gigabit Ethernet interface and Wi-Fi 5 wireless local network. 5 G Sub-6GHz outdoor router 5700 can support both LTE and 5G wireless communication technologies at the same time to provide higher-speed fixed wireless broadband (FWB) access Therefore, there is a growing demand for network speed.

Year 2022	<ul style="list-style-type: none"> ■ Launched the BEC MX-200 PL9 high-level industrial router, an industrial grade router with high performance and fast connectivity designed to provide reliable and secure connections between various M2M/IoT and devices in industrial communication applications, designed for limited installation space. With two Ethernet interfaces, it has configurable LAN/WAN options and a RS-232 serial interface. It can be connected to serial devices, active GPS and enterprise-level functions through IP, such as advanced security mechanism, service quality (QoS) SPI firewall, integrated VPN, automatic failover, which can achieve borderless normal operation time and network redundancy. It is managed by BEC cloud based equipment management platform BECentral® to expand visibility and maximize deployment efficiency. ■ Launched North America's first BEC AirConnect®8231 outdoor 5G route certified by FCC Part 96 CBRS and OnGo®, which can be applied to various fixed wireless access (FWA) markets, and provide users with a broadband experience that surpasses competitors to provide extremely high data speed, lower latency, wider coverage and larger network capacity. ■ Launched M600-M12-FA 5G, a 5 G NR router with M12 and FAKRA joints for the European vehicle-mounted market, with M12 strong anti-vibration design, which can stably connect to the vehicle equipment, and the FAKRA connector design of 5G/Wi-Fi/GPS. The field personnel can correctly install in any environment, combined with 5G high bandwidth, low latency characteristics, and high-speed transmission of vehicle information. Smart Ignition Sensing power detection function to ensure the operation of vehicle batteries.
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(4) Long-term and short-term business development plans

1. Short-term development plan A. Marketing strategy:

- (1) Standardize and serialize power supply products to provide samples in the shortest time to win orders and ship them in the shortest time.
- (2) Launched more powerful V/ADSL2+, 5G/LTE broadband products integrated with 802.11n/ac/ax and VoIP, continued to expand the global market, and increased market share through software functions and remote management systems.
- (3) Launch LTE/5G products to deepen cooperation with operators and system integrators.
- (4) Actively develop large ODM customers.
- (5) Actively develop customers and strategic partners in the industry to accelerate the development of business and brand awareness.
- (6) Continue to penetrate into the solar energy market and provide professional equipment and services to EPC and power plant investors.
- (7) Continue to provide energy storage and solar energy solutions and invest in solar power plants and energy storage power stations.
- (8) Continue to provide professional integration and diversified energy solutions, including one-stop service of engineering construction, operation and maintenance.

B · Production policy:

Introduce competitive price suppliers and improve the production line efficiency of power supply and xDSL and wireless broadband products.

C · Product development direction:

- (1) Development and certification of environmental-friendly and high-efficiency power supply.
- (2) Seek strategic alliance partners to make power products more diversified.
- (3) Continue to develop xDSL, FTTH, G.fast and other network access equipment.
- (4) Development of 5G wireless broadband and networking products integrated with WiFi and

VoIP.

- (5) Developed 5G/LTE wireless broadband communication routers for industrial applications, power applications and vehicle applications.
- (6) Developed and integrated 5 G FWB access devices.
- (7) For renewable energy products, we will continue to develop integrated products with software and hardware integration, combining inverters, energy storage systems, and smart management systems to achieve the role of a professional supplier service provider for all-round renewable energy power plants.

D · Enhance the development of information system: The ERP system adopted by the Company has achieved considerable results, and the electronic sign-off system has also been introduced, which will enable more implementation of the support management of each branch and logistics, and more timely information. With the establishment of the new business model of network security gateway, an information platform for product upgrade and customer after-sales service will be actively established.

E · Improvement of the Company's constitution: The Company has established relevant internal control and internal audit systems, strengthened internal control and financial constitution, strengthened operational management capabilities, and continued to cultivate and recruit outstanding talents to help the Company improve its operating performance.

2. Long-term development plan

- (1) Alliance with strategic partners or even merger to accelerate growth and achieve synergy.
- (2) Strengthen technology R & D and product competition to stay in Taiwan.
- (3) Internationalization and customization of products and marketing.
- (4) Overseas operations to diversify operating risks and reduce operating costs. (5) Maintain stable revenue growth and gross profit margin, and operate with a low debt ratio. (6) Do not blindly sprint performance and falsely increase revenue, and focus on actual profitability.
- (7) For specific technologies in specific markets, the Company will deepen technology research and establish products with its own technologies to create differentiation and increase gross profit margins.
- (8) Develop self-owned and distributed products to establish a brand image as an international cross-border company.
- (9) Assist enterprises who are willing to reduce carbon emissions and comply with ESG regulations, design and plan their zero carbon emissions paths.
- (10) Build a one-stop renewable energy as a service company across Asia, spanning optoelectronics, energy storage, and smart grid.
- (11) Grasp the key strategic opportunities of the "2050 Net Zero Emissions Roadmap" to develop the markets for products and services in professional fields such as power systems and energy storage, regional power grids, power supply for resale, and AI analysis.

2. Market and Sales Overview

(1) Market analysis

1. Sales Region of Main Products

Unit: NT \$thousand

\ Year	Year 2021	Year 2022
Domestic sales revenue	449,269	746,546
Export sales revenue	599,678	464,872
America	493,859	363,216
Asia	67,039	71,732

Europe	26,622	20,003
Other regions	12,158	9,921
Net operating revenue	1,048,947	1,211,418

2. Future supply and demand and growth of the market A. Market demand

- (1) Power supply is necessary for power electronic products, it belongs to diversified products and has a wide range of applications. Safety The applications of global power supply products are the most for information appliances. With the improvement of the efficiency of electronic components, products are becoming smaller, lighter and more stable.
- (2) The demand for VDSL2/G.fast equipment continues to maintain a certain momentum under the new generation of broadband services provided by telecom companies in various countries, especially in Asia (Japan, South Korea, Taiwan), the United States and Europe. VDSL2/G.fast Router and IAD mainstream products, Internet high-speed data voice and video capture, application is the main demand.
- (3) FTTH Product
With the increasing demand for broadband, users need greater bandwidth. The bandwidth of FTTH services can meet the needs of future users and provide faster and higher bandwidth Internet services. In addition to the adoption of GPON/EPON technology in some countries, some countries have also adopted P2P (Point-to-Point,) technology. Active Ethernet technology.
- (4) 5 G NR products
In response to the gradual popularization of 5 G NR network construction and the breakthrough of mobile broadband technology, many regions around the world have gradually adopted 5 G Router as the connection network for access and Internet of Things, which is estimated to have a high growth rate every year.
- (5) Renewable energy products
In response to the demand for renewable energy and the supply management of green electricity, Taiwan is still actively constructing renewable energy power plants. This part of the demand is still strong. The Company will further move towards professional system integration. It is estimated that there will be multiple growth in the future in the inverter and energy storage system and its integration demand.

B Market Supply

- (1) The market segmentation of power supply is quite obvious, and ODM power accounts for about eighty percent. As customers constantly request price reductions to maintain market share, product unit prices and profit margins have been squeezed, and market competition has been completely based on prices/costs. Therefore, the Company strengthens cooperation with local suppliers in mainland China to reduce costs.
- (2) The broadband market will continue to be highly competitive in the next few years, not only with a large number of system providers, but also with fierce competition from upstream chip suppliers. Therefore, manufacturers need to differentiate their products to increase the added value of their products and avoid vicious price competition.

3. Advantages and disadvantages of competitive niche and development prospects and countermeasures A.

Advantages

■ Power supply, LED motor:

- (1) The Company has 50 years of experience in this field, and has won long-term cooperative relations with well-known large factories with excellent quality and services.
- (2) Accumulated strong analog circuit technology, quick response to fully cooperate with customers, and attract excellent manpower as the company continues to grow.
- (3) Establish a stable supply relationship with major suppliers to truly grasp the source, stability and price of supply.

■ Network communication products:

- (1) The Company has a very close strategic partnership with xDSL, G.fast, G.hn, LTE/5G, WiFi upstream chip manufacturers and module manufacturers. Due to the different needs of telecom broadband construction in various countries, product research and development R & D technology covers the fields of software and hardware. The Company attaches great importance to R & D that can master key technologies and can adjust product strategies according to the needs of different markets, and has a competitive advantage.
- (2) The certification of the major telecom companies in North America affirmed Billion Electronic's commitment to developing M2M and IoT applications in different vertical markets. Now Billion Electronic's North American customers can use the platforms established by these products to reduce the total cost of enterprises and simplify network deployment, thereby improving operational efficiency and profitability, and therefore expanding Billion Electronic's market share of 5G/LTE and M2M products in North America.
- (3) The brand of communication products is especially important. It not only represents the image and reputation of a company, but also can shorten the relationship with customers and enhance the loyalty of marketing channels. As communication products focus on safety, reliability and stability, manufacturers need to have the determination and strength to operate the brand for a long time and the communication industry for sustainable development. The Company has been established for 50 years. In addition to the production bases at home and abroad and its profound manufacturing experience, the Company has also cultivated an excellent R & D team for communication products in recent years. Due to the company's good corporate health and the booming global broadband market, the overall operation should be expected to improve in the future.

■ Renewable energy products and services:

- (1) The government is vigorously promoting and mandating the installation of renewable energy equipment through regulations. It is expected that the installation of green energy and energy storage equipment in Taiwan will increase significantly in the future.
- (2) Due to the long service performance of renewable energy, safety is especially concerned, and there is a strong demand for high-quality products and services.

- (3) The Company combines power electronics and network communication technologies to provide one-stop green energy services.

B Negative Factors

Power supply:

- (1) Professional R & D talents are not easy to find, high-wattage, high-efficiency technology is not easy to obtain and cultivate. (2) In terms of sales channels, global marketing capabilities still need to be improved, and product line completeness still needs to be strengthened.

◆ Response to unfavorable factors:

recruits and cultivates R & D talents and uses external resources to increase R & D energy.

continues to develop key customers and deepen customer and supplier relationships.

Network communication products:

- (1) Since there are many competitors of xDSL broadband products, price competition has been heard, resulting in a low gross profit margin for manufacturers.

◆ Countermeasure:

moved the production of low-margin xDSL products to the mainland factory to continue reducing costs to enhance competitiveness.

strengthens the research and development of xDSL and 5G/LTE integrated products, and strengthens remote management functions to create added value. And through strategic alliances, expand market share and raise the entry threshold of competitors.

- (2) Communication professionals take a long time to develop and are not easy to recruit. Domestic universities and research institutes have limited graduates from communication departments every year.

◆ Countermeasure:

strengthens the strength of the R & D team, pays close attention to the development trends of the industry, and obtains advanced technologies through cooperation with domestic legal person research institutions, such as cooperation with industrial research institutes or technology transfers. establishes a sound internal welfare system to attract high-tech talents. Learning, education and technical cooperation with R & D institutions to attract professional talents.

- (3) Changes in exchange rates often affect the competitiveness and profitability of export quotes.

◆ Countermeasure:

Pay attention to changes in exchange rates at any time, take necessary hedging measures in a timely manner, or use other financial instruments to hedge risks.

Renewable energy products and services:

- (1) The trend of on-site certification and fire regulations by the Bureau of Standards and Inspection is becoming increasingly stringent.
(2) The cost of importing main equipment is still high.

◆ Response to unfavorable factors:

continues to recruit and cultivate front-end product technology and engineering management capabilities, and maintenance and warranty personnel to ensure product and service quality.

cooperates with suppliers to sign long-term procurement contracts to gain

cost advantages, introduce the latest products and master cutting-edge technologies.

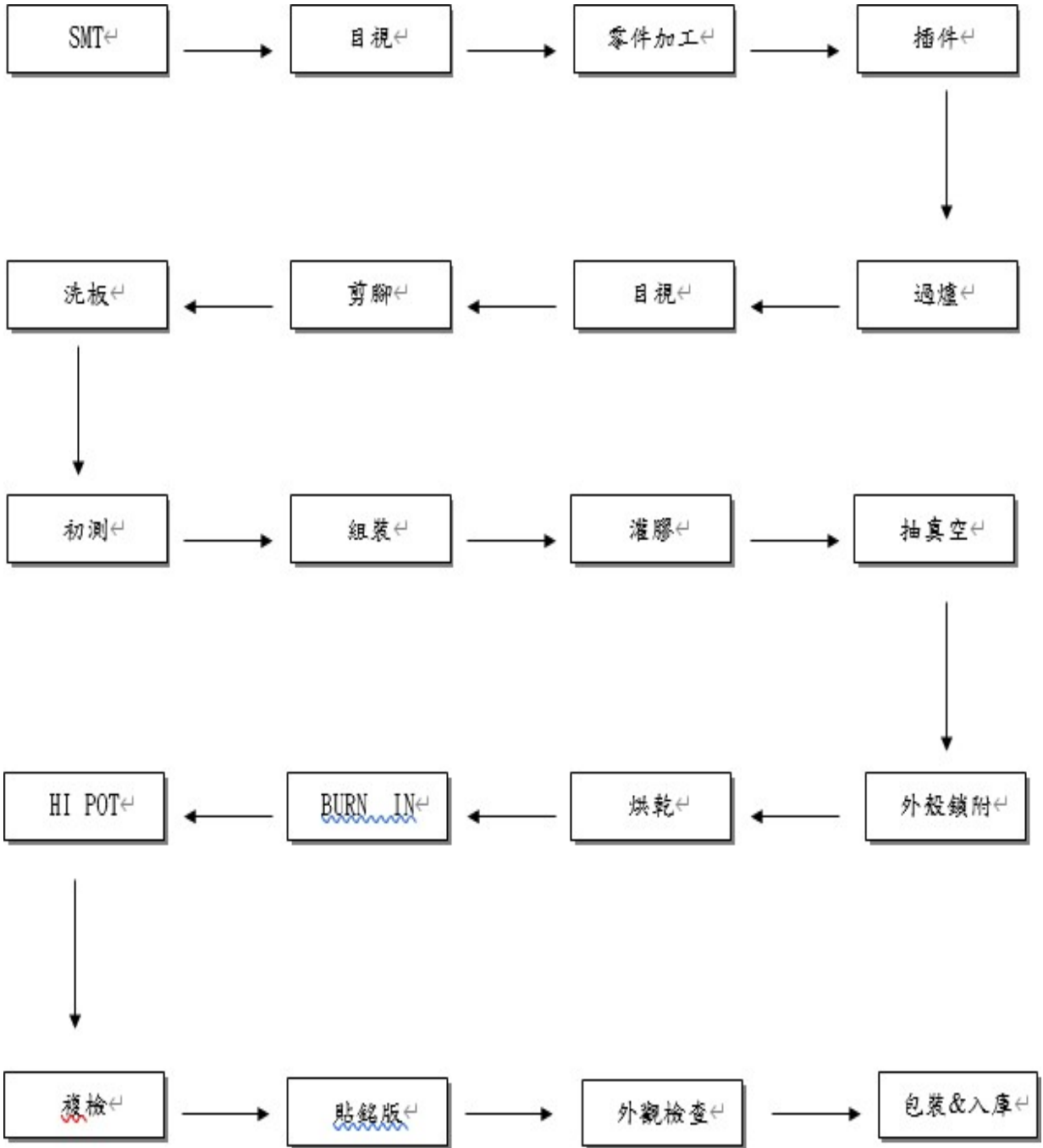
(2) Important uses and production process of major products

1. Important Applications of Main Products

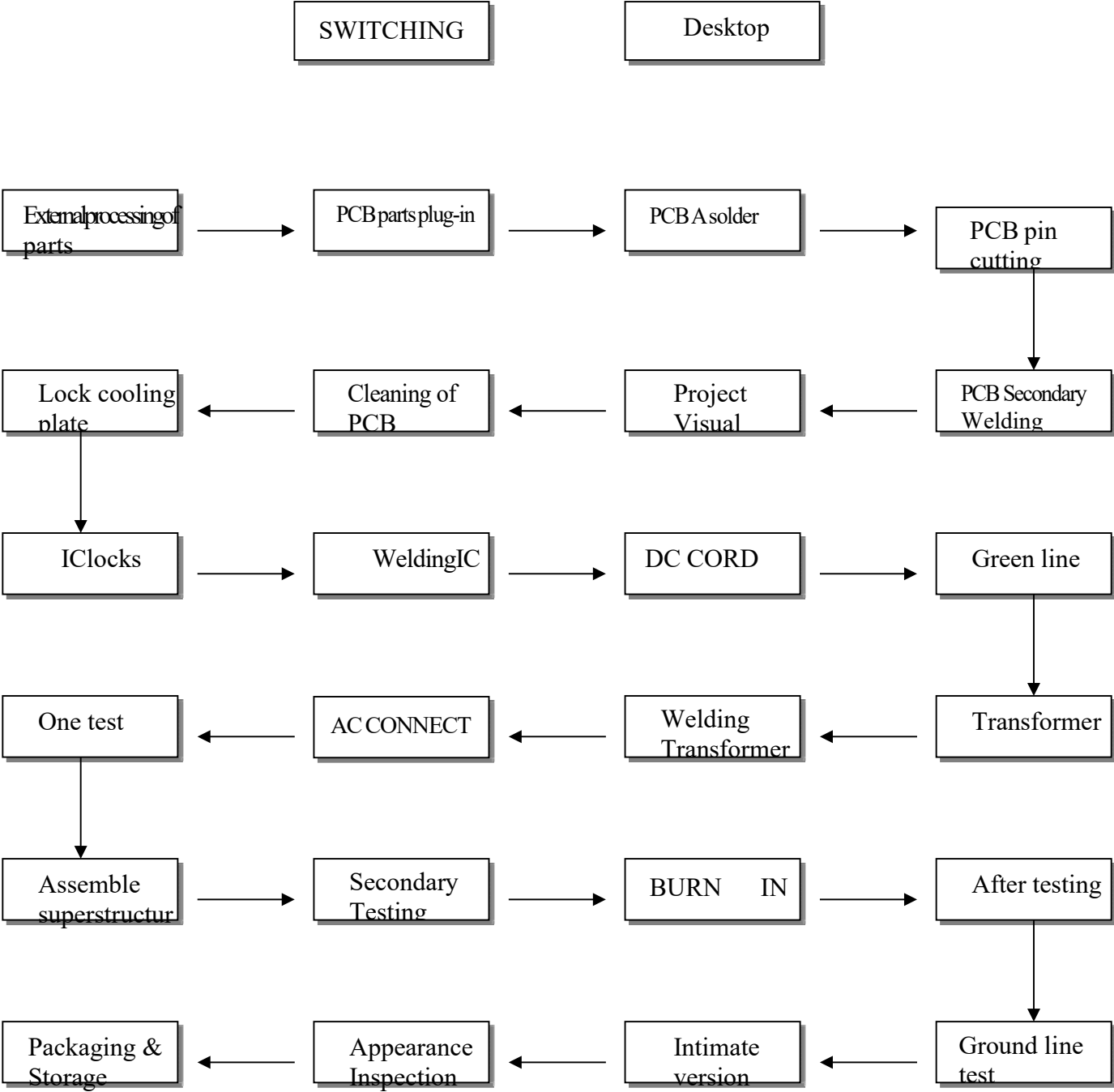
Major products	Product functions and applications
Power supply	(1) Consumer communication products, such as TV and mobile phone. (2) digital home electrical equipment and communication equipment.
LED Dynamic	LED light sources, such as indoor lights and street lamps.
xDSL Router/IAD	xDSL communication equipment for high-speed data transmission on the network, and the router (Router) can be used in offices or multiple households to share the same account with multiple computers and use them to access the Internet at the same time. Integrate Data/Voice/Video functions.
FTTH Router/IAD	FTTH provides broadband users with a fiber-optic connection from home.
LTE/5 G Router	LTE/5 G Router for indoor or outdoor use.
Solar and energy storage power plant	Solar module, inverter with energy storage system to improve power supply quality

2. Production process of main products

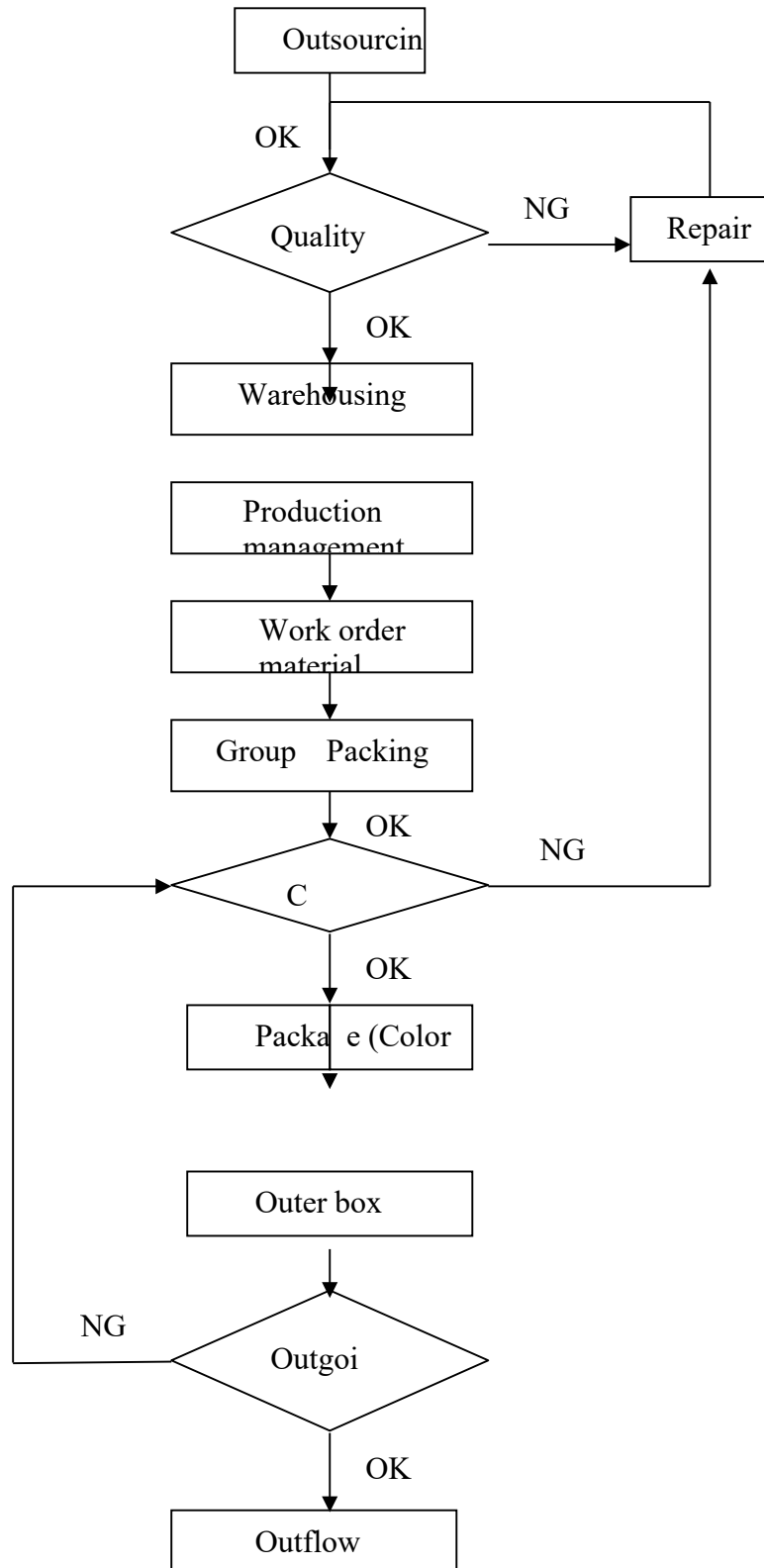
BILLION ELECTRIC CO., LTD.
LED Driver Adhesive Manufacturing
Process



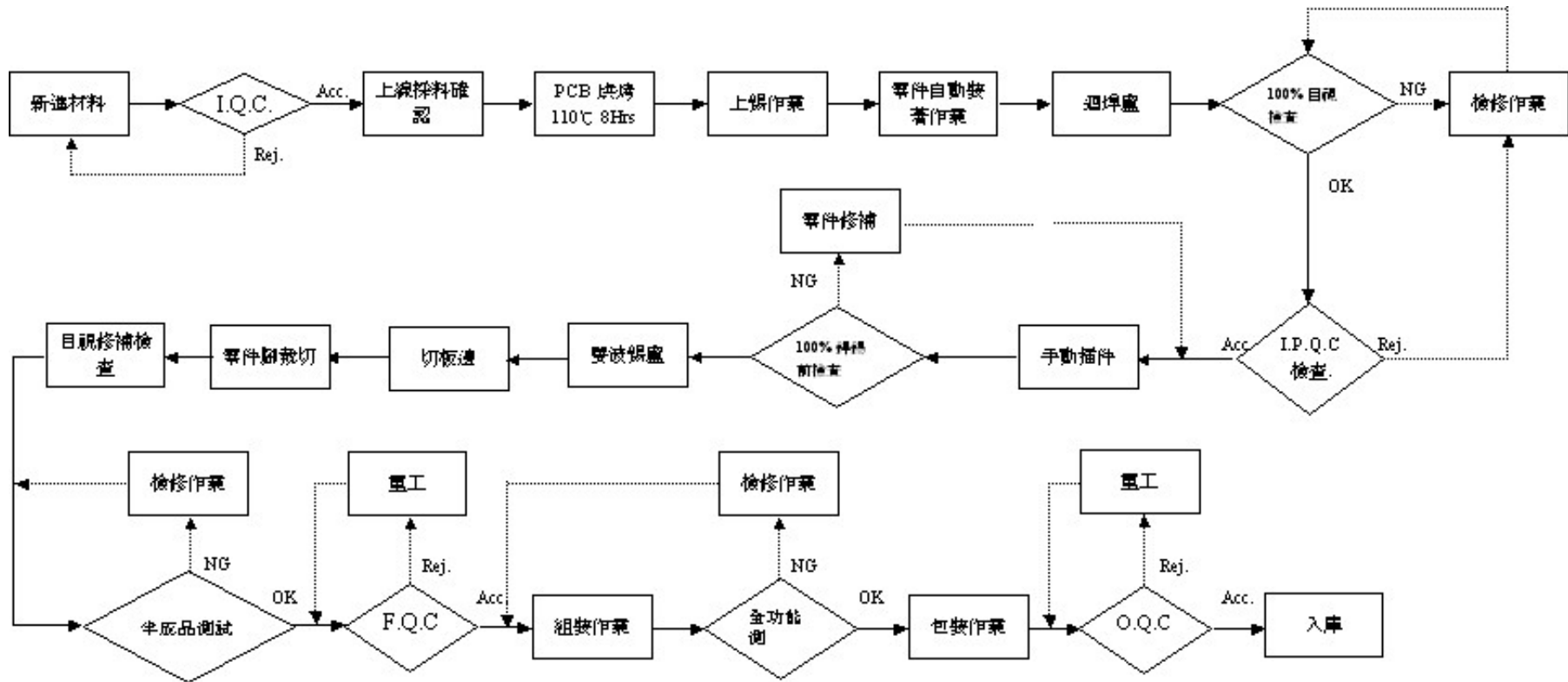
BILLION ELECTRIC CO., LTD.
Power supply production flow chart



Network terminal equipment production flow chart



Network terminal equipment production flow chart



(3) Supply of major raw materials

Product	Main raw materials	Source and status of supply
Power supply	Transformers, PWM IC, printed circuit board	Improvement in material shortage and delivery time
xDSL/FTTH Router	Communication chipset, memory IC, and printed circuit board.	
LTE/5 G Router	LTE/5G module, communication processor, memory IC, printed circuit board.	

(4) Information of major suppliers and information of major customers in the last two years

1. List of major suppliers

Major suppliers in the last two years

(Unit: NT \$thousand)

Project	Year 2021				Year 2022				Current year up to 31 March 2023 (Note 2)			
	Company Name	Total amount	Percentage of net purchases for the year (%)	Relationship with the issuer	Company Name	Total amount	Percentage of net purchases for the year (%)	Relationship with the issuer	Company Name	Total amount	As a percentage of net purchases for the year up to the quarter Education Level (%)	Relationship with the issuer
1	B company	266,311	34	Nil.	B company	214,583	27	Nil.	B company	41,204	23	Nil.
2	C company	79,395	10	Nil.	C company	196,747	25	Nil.	C company	21,684	12	Nil.
	D Corporation	70,792	9	Associate					D Corporation	20,748	11	Nil.
	Other:	436,080	47	Nil.	Other:	372,443	48	Nil.	Other:	100,492	54	
	Net Purchase	775,786	100		Net Purchase	783,773	100		Net Purchase	184,128	100	

Note 1: List the name of suppliers who account for more than ten (10) percent of the total purchases of goods and their amount and proportion of purchases of goods in the last two years. However, if the name of suppliers or counterparties who are individuals and non-related parties cannot be disclosed due to contractual agreements, their codes may be used. Note 2: As of the date of publication of the annual report, if a company that is listed or whose shares have been traded in the business premises of a securities firm has financial information that has been audited or reviewed by an accountant in the most recent period, it should be disclosed.

2. List of major customers

Information on major customers in the last two years

(Unit: NT \$thousand)

Project	Year 2021				Year 2022				Current year up to 31 March 2023 (Note 2)			
	Company Name	Total amount	Percentage of Annual Net Sales [%]	Relationship with the issuer	Company Name	Total amount	Percentage of Annual Net Sales [%]	Relationship with the issuer	Company Name	Total amount	Percentage of net sales in the current year up to the quarter [%]	Relationship with the issuer
1	A company	110,006	10.49	Nil.					A company	64,459	22	Nil.
	Other:	938,941	89.51	Nil.	Other:	1,211,418	100.00	Nil.	Other:	234,243	78	
	Net sales amount	1,048,947	100		Net sales amount	1,211,418	100.00	Nil.	Net sales amount	298,702	100	

Note 1: A list of any suppliers accounting for 10 percent or more of the company's total sales amount in either of the 2 most recent fiscal years, the amounts sold to each, the percentage of total sales accounted for by each. Where the company is prohibited by contract from revealing the name of a customer or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name. Note 2: As of the date of publication of the annual report, if a company that is listed or whose shares have been traded in the business premises of a securities firm has financial information that has been audited or reviewed by an accountant in the most recent period, it should be disclosed.

(5) Production volume and value in the last two years

Unit: thousand pieces/NT
\$thousand

Production Major products	Year VolumeValue	Year 2021			Year 2022		
		Production capacity	Production Volume	Production Value	Production capacity	Production Volume	Production Value
Power supply products	PC	-	-	20,083	-	-	26,989
Communication products	PC	-	-	501,605	-	-	241,770
Other Other	PC	-	-	45,473	-	-	64,885
In compliance Accounting		-	-	567,161	-	-	333,644

Note: The Company has many types of products, and the measurement units of each product are different, so the sales volume and output are not listed.

(6) Sales volume and value in the last two years

Unit: thousand pieces/NT
\$thousand

Sales volume Major Products	Year Value	Year 2021				Year 2022			
		Domestic		Export Sales		Domestic		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Power supply products	PC	-	60,050	-	76,205	-	101,042	-	85,110
Communication products	PC	-	4,015	-	522,418	-	6,712	-	379,173
Renewable energy (including electricity sales) and Other:	PC	-	385,008	-	1,251	-	638,792	-	589
In compliance Accounting	PC	-	449,073	-	599,874	-	746,546	-	464,872

Note: The Company has many types of products, and the measurement units of each product are different, so the sales volume and output are not listed.

3. Employee information in the last two years

31 March 2023

Year Degree		Year 2021	Year 2022	Current year up to 31 March 2023 Date
Number of Employees	Manager	6	4	4
	General employees	98	105	101
	Production line staff	17	11	11
	Total Shares	121	120	116
Average Age		46.8	47.4	47.6
Average years of service		12.8	12.4	12.7
Education distribution ratio	Ph.D.	0	0	0
	Masters	23	22	22
	College	77	62	61
	High school	19	14	15
	Below Senior High School	2	2	2

4. Environmental Protection Expenditure

(1) Total amount of losses and penalties due to environmental pollution in the last two years and up to the date of publication of the annual report: None. (2) Future countermeasures and possible expenses: None.

5. Labor Relations

(1) Employee welfare measures, further education, training, retirement system and implementation status: Labor Insurance

- (1) All employees of the Company participate in labor insurance in accordance with the law.
- (2) Labor insurance premium includes ordinary accident insurance premium and occupational disaster insurance premium. 70% of the ordinary accident insurance premium is borne by the Company, 20% by the insured, 10% by the government, and the occupational disaster insurance premium is fully borne by the Company.

2. Group Insurance

All regular employees of the Company are insured with term life insurance, hospitalization medical insurance, accident insurance, cancer insurance, and occupational disaster insurance to enhance employee benefits.

3. National Health Insurance

(1) The Company's employees and their dependents participate in national health insurance in accordance with the law. (2) The health insurance premiums payable shall be handled in accordance with relevant government regulations.

4. Year-end bonus

The Company allocates bonuses based on annual business conditions, and pays bonuses before the Chinese New Year Spring Festival for individual work performance, attendance, and seniority.

5. Employee Welfare Committee

The Company has established an employee welfare committee in accordance with the law, allocated welfare funds on a regular basis, elected welfare members in an open manner, held travel activities from time to time, and planned annual festival gifts.

6. Continuing education and training

In order to enhance employees' professional ability, quality awareness, environmental protection concept and production skills, and enable them to perform their functions in the organizational system, to achieve the purpose of stimulating employees' self-development and talent cultivation, planning and implementing relevant training. The results of the Company's 2022 education and training are as follows:

Course	Number of classes	Total number of people	Total hours	Total cost (NT \$)
Professional training	12	21	206	11,400
Management skills	3	3	25	14,800
Training for new recruits	26	26	26	0
General training	37	156	103.5	26,775
Total amount Accounting	78	206	306.5	52,975

7. Work environment and employee safety protection measures

In view of the importance of the work environment and employee personal safety protection measures, the Company has achieved obvious results and control through the following measures:

Goal	Proposal	Implementation status
Labor Safety and Health	Relevant training in accordance with the law	<ol style="list-style-type: none"> 1. Assign employees to participate in relevant training courses for first aid personnel and labor safety and health personnel and obtain relevant certificates. 2. Set up occupational safety and health business supervisors in accordance with the law. 3. Arrange internal education and promotion of "vocational education" every year. Safety and Health Education and Training".
Employee safety and reduction of health hazards	Arrange regular health examination	<ol style="list-style-type: none"> 1. Arrange free general health examination and special health examination once a year. 2. Each office premises is set to increase employee safety and reduce health hazards. 3. Female workers in pregnancy

		are not Hazardous or hazardous work.
Safe operating environment	Fire Safety Inspection	Regularly conduct public security fire inspections and disaster drills to maintain the working environment and employees' personal safety Working environment.
Safe use of hazardous materials	Leakage prevention measures and safety protective equipment provided to users	1. Inspect chemical leakage prevention measures and safety protective equipment from time to time to confirm normal. 2. Provide protective tools for operators for hazardous substances used in operations. 3. Arrange internal "Hazard General Education" every year. Educational propaganda.
Work environment and personal safety protection measures	<ol style="list-style-type: none"> 1. Access control security 2. Disaster prevention measures and responses 3. Equipment Maintenance and Inspection 	<ol style="list-style-type: none"> 1. A strict access control monitoring system is in place during daytime and nighttime. The entrances and exits of the night and holiday buildings are protected to maintain the safety of the company. 2. Organize emergency response tasks and regularly conduct public security fire inspections and disaster prevention drills. 3. In accordance with the company's labor safety and health code of practice, the company conducts annual inspections of air conditioners, water dispensers, fire-fighting appliances and other equipment. Maintenance and inspection. 4. Formulate plans to prevent illegal infringement when performing duties to prevent and deal with workplace violence. 5. Safety data sheet (SDS) is obtained for hazardous substances used in operations and is regularly checked and updated. <p>Provide protective tools for operators for hazardous substances used in operations</p>

		6. Regularly outsource the environmental monitoring plan The results of environmental monitoring are also announced.
Compliance with regulatory requirements	Safety and health laws and related requirements	In accordance with the safety and health laws and related requirements formulated by the government, it is the most basic requirement of the company's safety and health management. Advance to create a low-risk working environment.

(2) Retirement system and implementation

1. The Company shall set aside a pension reserve in accordance with Article fifty-six of the Labor Standards Act.
2. The Company has implemented the "Labor Pension Act" since 1 July 94.
3. All employees of the Company have the rights and obligations to abide by the pension system.
4. Pension payment standards:
 - (1) Two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than forty-five. The length of service is calculated as half year when it is less than six months, and as one year when it is more than six months.
 - (2) An additional 20 percent will be given to forced retired workers whose mental or physical disability is caused by the performance of their duties in accordance with the provisions of the preceding paragraph.
 - (3) The standard of pension base refers to the average salary of the six months before the retirement.
 - (4) The contribution of the new labor pension system includes two parts of the labor self-mentioned company contribution, which is stored in the labor individual account designated by the Labor Insurance Bureau.

5. Labor-management agreement

The company is a high-tech industry with neat personnel quality, clear and clear company management, sound management system and implementation, and gradually establish consensus through various methods of communication. The relationship between labor and management is harmonious, and there is no labor dispute.

- (3) Any loss sustained as a result of labor disputes in the last two years and up to the date of publication of the prospectus, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken: None.

6. Important Contracts: None.

Chapter 6 Financial Overview

1. Condensed balance sheet, income statement and auditor's opinion for the last five years

(1) International Financial Reporting Standards

Condensed consolidated balance sheet

Unit: NT \$thousand

Year		Financial Summary for The Last Five Years					Current year up to 31 March 2023 Financial information as of March (Note1)
		Year 2018	Year 2019	FY2020	Year 2021	Year 2022	
Project							
Current asset		1,372,502	1,223,458	1,196,845	1,360,670	1,623,449	2,171,745
Property, plant and equipment (note 2)		512,084	556,899	558,836	578,560	706,814	755,046
Intangible assets		2,754	1,865	1,447	636	6,177	5,656
Other assets (Note 2)		294,511	376,620	691,529	647,155	970,001	953,119
Total asset value		2,181,851	2,158,842	2,448,657	2,587,021	3,306,441	3,885,566
Current liabilities	Before Appropriation	472,003	383,160	760,943	839,682	1,071,898	1,125,514
	After allocation	472,003	383,160	760,943	839,682	(Note3)	(Note3)
Non-current liabilities		236,854	309,516	204,694	189,100	510,661	498,719
Liabilities	Before Appropriation	708,857	692,676	965,637	1,028,782	1,582,559	1,624,233
	After allocation	708,857	692,676	965,637	1,028,782	(Note3)	(Note3)
Equity attributable to owners of parent Equity		1,453,833	1,435,463	1,451,040	1,496,245	1,571,479	2,085,174
Shares Cost		988,563	988,563	988,563	988,563	998,178	1,149,693
Capital stock Capital surplus		294,454	294,560	295,873	301,289	308,439	689,871
Retained Earnings	Before Appropriation	264,289	238,341	269,204	295,260	338,347	320,431
	After allocation	264,289	238,341	269,204	295,260	(Note3)	(Note3)
Other equity interest		(93,473)	(86,001)	(100,455)	(65,850)	(47,572)	(49,383)
Treasury stock		0	0	(2,145)	(23,017)	(25,913)	(25,438)
Non-controlling interests		19,161	30,703	31,980	61,994	152,403	176,159
EQUITY Total amount	Before Appropriation	1,472,994	1,466,166	1,483,020	1,558,239	1,732,882	2,261,333
	After allocation	1,472,994	1,466,166	1,483,020	1,558,239	(Note3)	(Note3)

Note 1: As of the date of publication of the annual report, a company that is listed or whose shares have been traded in the business premises of a securities firm shall disclose the most recent financial information that has been audited or reviewed by an accountant.

Note 2: If assets have been revalued in the current year, the date of revaluation and the amount of revaluation surplus should be listed.

Note 3: The 2022 earnings distribution has not yet been resolved by the 2023 shareholders' meeting.

Condensed consolidated statement of comprehensive income

Unit: NT \$thousand

Year Line Item Project	Financial Summary for The Last Five Years					Current year up to 31 March 2023 Financial information as of March (Note1)
	Year 2018	108 degrees	FY2020	Year 2021	Year 2022	
Operating income	792,160	623,090	849,824	1,048,947	1,211,418	298,702
Gross profit	254,607	213,859	329,390	322,066	297,418	82,240
Operating profit	(28,511)	(35,784)	39,479	5,585	5,761	(14,824)
Non-operating income and expenses	24,687	(8,486)	(1,823)	69,373	60,908	5,260
Net profit (loss) before tax	(3,824)	(44,270)	37,656	74,958	66,669	(9,564)
Continuing operations Net income (loss)	(48,333)	(19,246)	34,861	35,524	50,866	(14,243)
Loss of discontinued operations	212,609	2,075	0	0	0	0
Net income (loss)	164,276	(17,171)	34,861	35,524	50,866	(14,243)
Other comprehensive income for the period (Net after tax)	(21,485)	1,683	(15,841)	34,336	23,507	(2,040)
Total comprehensive income for the period	142,791	(15,488)	19,020	71,150	74,373	(16,283)
Net profit (loss) attributable to: Owners of the parent	164,801	(18,221)	31,216	27,004	39,905	(17,916)
Net profit (loss) attributable to non- controlling interests Non-controlling interests	(525)	1,050	3,645	8,520	10,961	3,673
Total comprehensive income attributable to Owners of the parent	143,121	(16,079)	16,409	62,899	61,365	(19,727)
Total comprehensive income attributable to Non-controlling interests	(330)	591	2,611	8,251	13,008	3,444
EPS	1.67	(0.2)	0.32	0.28	0.41	(0.18)

Note 1: As of the date of publication of the annual report, a company that is listed or whose shares have been traded in the business premises of a securities firm shall disclose the most recent financial information that has been audited or reviewed by an accountant.

Condensed Individual Balance Sheet

Unit: NT \$thousand

Year Project		Financial Summary for The Last Five Years (Note 4)					Current year up to 31 March 2023 Date Financial information (Note 1. d)
		Year 2018	Year 2019	FY2020	Year 2021	Year 2022	
Current asset		446,053	779,051	694,648	726,740	538,539	
Property, plant and equipment (note 2)		304,087	356,714	371,206	393,600	581,285	
Intangible assets		2,239	1,233	964	455	535	
Other assets (Note 2)		1,260,407	851,389	988,093	1,018,369	961,828	
Total asset value		2,012,786	1,988,387	2,054,911	2,139,164	2,082,187	
Current liabilities	Before Appropriation	418,858	300,401	443,238	484,907	362,238	
	After allocation	418,858	300,401	443,238	484,907	(Note3)	
Non-current liabilities		140,095	252,523	160,633	158,012	148,470	
Liabilities	Before Appropriation	558,953	295,873	603,871	642,919	510,708	
	After allocation	558,953	295,873	603,871	642,919	(Note3)	
Equity attributable to owners of parent EQUITY		1,453,833	1,435,463	1,451,040	1,496,245	1,571,479	
Shares Cost		988,563	988,563	988,563	988,563	998,178	
Capital stock Capital surplus		294,454	294,560	295,873	301,289	308,439	
Retained Earnings	Before Appropriation	264,289	238,341	269,204	295,260	338,347	
	After allocation	264,289	238,341	269,204	295,260	(Note3)	
Other equity interest		(93,473)	(86,001)	(100,455)	(65,850)	(47,572)	
Treasury stock		-	-	(2,145)	(23,017)	(25,913)	
Non-controlling interests		0	0	0	0	0	
EQUITY Total amount	Before Appropriation	1,453,833	1,435,463	1,451,040	1,496,245	1,571,479	
	After allocation	1,453,833	1,435,463	1,451,040	1,496,245	(Note3)	

Note 1: No individual financial report was issued on 31 March 2023.

Note 2: If assets have been revalued in the current year, the date of revaluation and the amount of revaluation surplus should be listed.

Note 3: The 2022 earnings distribution has not yet been resolved by the 2023 shareholders' meeting.

Note 4: A company whose stock is listed on the stock exchange shall produce financial information for the period as of the quarter preceding the date of publication of the annual report, and disclose whether the financial information is audited and certified or reviewed by CPA or neither.

Condensed Individual Income Statement

Unit: NT \$thousand

Year Line Item \ Project	Financial Summary for The Last Five Years					Current year up to 31 March 2023 Financial information as of March (Notes 1,2)
	Year 2018	Year 2019	FY2020	Year 2021	Year 2022	
Operating income	646,365	457,455	624,233	578,699	480,746	
Gross profit	140,022	98,870	153,707	116,880	91,945	
Operating profit	(32,474)	(41,076)	(1,969)	(63,050)	(57,597)	
Non-operating income and expenses	240,252	(4,146)	26,076	108,514	102,010	
Net profit (loss) before tax	207,778	(45,222)	24,107	45,464	44,413	
Continuing operations Net income (loss)	164,801	(18,221)	31,216	27,004	39,905	
Loss of discontinued operations	0	0	0	0	0	
Net income (loss)	164,801	(18,221)	31,216	27,004	39,905	
Other comprehensive income for the period (Net after tax)	(21,680)	2,142	(14,807)	35,895	21,460	
Total comprehensive income for the period	143,121	(16,079)	16,409	62,899	61,365	
Net profit (loss) attributable to: Owners of the parent	164,801	(18,221)	31,216	27,004	39,905	
Net income attributable to non-controlling interests Equity	0	0	0	0	0	
Total comprehensive income attributable to Owners of the parent	143,121	(16,079)	16,409	62,899	61,365	
Total comprehensive income attributable to Non-controlling interests	0	0	0	0	0	
EPS	1.67	(0.18)	0.32	0.28	0.41	

Note 1: No individual financial information is issued on 31 March 2023.

Note 2: A company whose stock is listed on the stock exchange shall produce financial information for the period as of the quarter preceding the date of publication of the annual report, and disclose whether the financial information is audited and certified or reviewed by CPA or neither.

(2) Financial Accounting Standards of the Republic of China

The Company has adopted International Financial Reporting Standards (IFRSs) since 2013, so there will be no ROC GAAP information since 2013.

(3) CPA audit

Year	Name of accounting firm	Name of CPAs	Audit opinion
107	Deloitte & Touche	Zhao-Mei Chen, Keng-Hsi Chang	Unqualified Opinion
108	Deloitte & Touche	Zhao-Mei Chen, Keng-Hsi Chang	Unqualified Opinion
109	Deloitte & Touche	Zhao-Mei Chen, Keng-Hsi Chang	Unqualified Opinion
110	Deloitte & Touche	Alice Huang, Keng-Hsi Chang	Unqualified Opinion
111	KPMG Certified Public Accountants Firm	Astor Kou and Hsin-Yi Kuo	Unqualified opinion plus Other Matter Paragraphs

2. Financial analysis for the last five years:

(1) Financial Analysis-IFRS

Consolidated Financial Analysis

Analysis item (Note 3)	Year Degree	Financial Analysis for the Most Recent Five Years					Current year up to March 2023 (Note 1)
		Year 2018	Year 2019	FY2020	Year 2021	Year 2022	
Capital Structure (%)	Debt to asset ratio	32.49	32.09	39.44	39.77	47.86	41.80
	Ratio of long-term capital to property, plant and equipment	333.90	318.85	302.01	302.02	316.14	365.55
Solvency %	Current Ratio	290.78	319.31	157.28	162.05	151.46	192.96
	Quick ratio	253.56	270.54	120.74	110.21	115.74	161.46
	Interest protection multiples	0.46	(4.60)	6.84	11.68	7.69	(1.11)
Operating ability	Receivables turnover (times)	6.16	6.24	8.01	7.54	7.95	9.90
	Average days for cash receipts	59.00	58.00	45.57	48.43	45.93	36.86
	Inventory turnover (times)	3.53	2.57	2.37	2.18	2.51	2.68
	Accounts payable turnover (times)	3.90	4.67	5.80	4.67	6.12	8.82
	Average days in sales	103.00	142	153.80	167.70	145.29	136.19
	Property, plant and equipment turnover (times)	1.46	1.17	1.52	1.84	1.88	1.63
	Total assets turnover (times)	0.37	0.29	0.37	0.42	0.41	0.33
Profitability Analysis	Return on assets (%)	7.88	(0.50)	1.74	1.63	2.00	(1.18)
	Return on equity (%)	11.83	(1.17)	2.36	2.34	3.10	(2.86)
	Pre-tax income to paid-in capital (%) (Note 6)	(0.39)	(4.48)	3.81	7.58	6.68	(3.33)
	Net profit margin (%)	20.74	(2.76)	4.10	3.39	4.20	(4.77)
	Earnings per share (NTD)	1.67	(0.18)	0.32	0.28	0.41	(0.18)
Cash flow	Cash flow Cash flow ratio (%)	(11.71)	5.44	0	2.21	6.42	0
	Cash flow adequacy ratio (%)	107.97	86.94	151.34	77.43	12.53	13.81
	Cash re-investment ratio (%)	(2.93)	1.06	0	0.95	2.80	0
Leverage	Operating leverage	(10.81)	(6.39)	7.39	46.91	42.48	(4.11)
	Financial leverage	0.80	0.82	1.20	(4.01)	(1.37)	0.77

Please explain the reasons for the changes in various financial ratios in the last two years. (Not required if the difference does not exceed 20%)

1. The increase in the debt-to-asset ratio in 2022 was mainly due to the increase in total liabilities as a result of the Group's merger and acquisition and the expansion of the energy storage business in 2022.
2. The decrease in interest coverage ratio in 2022 was mainly due to the decrease in net profit before tax in 2022 compared with 2021, and the increase in interest expenses compared with 2021.
3. The accounts payable turnover in 2022 increased compared with 2021, mainly due to the increase in the cost of goods sold of the energy storage business in 2022 compared with 2021.
4. The profitability ratio in 2022 increased compared to 2021, mainly due to the increase in net profit after tax in 2022.
5. The cash flow ratio in 2022 was higher than that in 2021, mainly due to the increase in cash flow from operating activities in 2022. The decrease in cash flow adequacy ratio compared to 2021 was mainly due to the decrease in total cash flow from operating activities in the past five years compared to 2021.
6. The financial leverage in 2022 decreased compared to 2021, mainly due to the increase in interest expenses in 2022.

Note 1: A company whose stock is listed on the stock exchange shall include the financial information for the period as of the quarter preceding the date of publication of the annual report into the financial analysis.

Parent Company Only Financial Analysis

Analysis item		Financial Analysis for the Most Recent Five Years					Current year up to March 2023 (Note 1)
		Year 2018	Year 2019	FY2020	Year 2021	Year 2022	
Capital Structure (%)	Debt to asset ratio	27.77	27.81	29.39	30.05	24.53	
	Ratio of long-term capital to property, plant and equipment	524.17	473.20	434.17	420.29	462.52	
Solvency %	Current Ratio	106.49	259.34	156.72	149.87	148.67	
	Quick ratio	79.34	214.43	121.86	110.98	103.57	
	Interest protection multiples	42.18	(7.65)	5.83	10.49	7.13	
Operating ability	Receivables turnover (times)	5.05	3.43	4.41	3.99	5.00	
	Average days for cash receipts	72.00	106.00	82.74	91.39	73.07	
	Inventory turnover (times)	5.92	3.00	3.38	2.96	2.55	
	Accounts payable turnover (times)	6.43	4.49	6.54	5.94	6.57	
	Average days in sales	62.00	121.00	107.92	123.50	142.97	
	Property, plant and equipment turnover (times)	2.13	1.38	1.72	1.51	1.26	
	Total assets turnover (times)	0.33	0.23	0.31	0.28	0.23	
Profitability Analysis	Return on assets (%)	8.68	(0.70)	1.74	1.51	2.17	
	Return on equity (%)	12.00	(1.26)	2.16	1.83	2.60	
	Pre-tax income to paid-in capital (%) (Note 6)	21.02	(4.57)	2.44	4.60	4.45	
	Net profit margin (%)	25.50	(3.98)	5.00	4.67	8.30	
	Earnings per share (NTD)	1.67	(0.16)	0.32	0.28	0.41	
Cash flow	Cash flow Cash flow ratio (%)	(7.95)	(20.15)	0.00	0	14.54	
	Cash flow adequacy ratio (%)	173.42	115.14	260.24	129.43	17.75	
	Cash re-investment ratio (%)	(1.90)	(3.27)	0.00	0	2.80	
Leverage	Operating leverage	(5.52)	(3.35)	(62.92)	(1.16)	(1.15)	
	Financial leverage	0.87	0.89	0.28	0.91	0.89	

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Please explain the reasons for the changes in various financial ratios in the last two years. (Not required if the difference does not exceed 20%)

1. The decrease in the interest coverage ratio in 2022 was mainly due to the increase in interest expenses in 2022 compared with 2021.
2. The increase in accounts receivable turnover in 2022 compared to 2021 was mainly due to good collection in 2022.
3. The increase in profitability in 2022 is mainly due to the recognition of exchange gains and the disposal of equipment benefits in the current period, and the decrease in income tax expenses in 2022 compared with 2021.
4. The cash flow ratio in 2022 was higher than that in 2021, mainly due to the increase in cash flow from operating activities in 2022. The decrease in cash flow adequacy ratio compared to 2021 was mainly due to the decrease in total cash flow from operating activities in the past five years compared to 2021.

Note 1: A company whose stock is listed on the stock exchange shall include the financial information for the period as of the quarter preceding the date of publication of the annual report into the financial analysis.

Note 2: The following formulas should be listed at the end of this table in the annual report: 1. Financial structure

(1) Liabilities to assets ratio [total liabilities/total assets]

(2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities) / Net property, plant and equipment

2. Solvency

(1) Current ratio = Current assets/Current liabilities

(2) Quick ratio = (Current assets-Inventories-Prepaid expenses)/Current liabilities.

(3) Interest coverage ratio = Net profit before income tax and interest expense/Interest expense for the current period.

3. Operating ability

(1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover ratio [net sales/average receivables (including accounts receivable and notes receivable arising from business operations) for each period

(2) Average collection days = 365/Receivables turnover

(3) Inventory turnover (times) = Cost of goods sold/average inventory

(4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = Cost of goods sold/Balance of average payables (including accounts payable and notes payable arising from business operations).

(5) Average days in sales = 365/Inventory turnover

(6) Property, plant and equipment turnover (times) = Net sales/Average net property, plant and equipment

(7) Total assets turnover = Net sales / Average

total assets 4. Profitability

(1) Return on Total Assets = Net Income after Tax + Interest Expenses × (1 - Tax Rate) / Average Total Assets

(2) Return on equity = after-tax profit and loss/average total equity. (3) Net profit margin = after-tax profit and loss/net sales.

(4) Earnings per share (profit and loss attributable to owners of the parent company-dividends on preferred shares)/weighted average number of issued shares. (Note 4) 5. Cash flow

(1) Cash flow ratio = Net cash flow from operating activities / Current liabilities

(2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(capital expenditures + inventory increase + cash dividends) for the most recent five years.

(3) Cash reinvestment ratio = (net cash flow from operating activities-cash dividends)/(gross property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)

6. Leverage:

(1) Operating leverage = (Net operating revenue-Variable operating costs and expenses)/Operating income (Note

6). (2) Financial leverage Operating income/(Operating income-Interest expenses).

Note 3: The above formula for calculating earnings per share should pay special attention to the following when measuring: Based on the weighted average number of ordinary shares, rather than the number of issued shares at the end of the year.

2. Where there is a cash capital increase or treasury stock transaction, the weighted average number of shares shall be calculated taking into account the period of circulation.

3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.

4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be deducted from the net profit after tax, or added to the net loss after tax. If the preferred shares are non-cumulative, in the case of net profit after tax, the dividend of the preferred shares shall be deducted from the net profit after tax; No adjustment is required if there is a loss.

Note 4: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditure refers to the annual cash outflow of capital investment.

3. The increase in inventory is only included when the ending balance is greater than the beginning balance. If the inventory decreases at the end of the year, it is calculated as zero.

4. Cash dividends include cash dividends for ordinary shares and preferred shares.

5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before deduction of accumulated depreciation.

Note 5: The issuer shall classify various operating costs and operating expenses as fixed and variable according to their nature. If it involves estimation or subjective judgment, attention shall be paid to its rationality and consistency.

Note 6: The ratio of paid-in capital of a foreign company shall be calculated based on the ratio of net value.

(2) Financial analysis – Taiwan’s financial accounting standards:

The Company has adopted International Financial Reporting Standards (IFRSs) since 2013, so there will be no ROC GAAP information since 2013.

3. Audit Committee’s Review Report for the Most Recent Year: Please refer to Appendix I on page 108.

4. Financial Statements and Independent Auditors’ Report for the Most Recent Fiscal Year: Please refer to Appendix II, pages 109 to 183.

5. Consolidated financial statements of the most recent year audited and certified by accountants: Please refer to Appendix III, pages 184 to 252. 6. Financial Difficulties of the Company and Its Affiliates in the Most Recent Year and as of the Date of Publication of the Annual Report: None.

VII. Review and analysis of the Company's financial position and financial performance, and risk management

1. Financial status

(1) Comparative analysis of financial position

Unit: NT \$thousand

Project \ Year	Year 2021	Year 2022	Amount increase (decrease)		Change analysis (Note2)
			Total amount	%	
Current asset	1,360,670	1,623,449	262,779	19.31	
Funds and long-term investments	3,797	30,837	27,040	712.14	(Note 3)
Fixed assets	578,560	706,814	128,254	22.17	(Note 4)
Intangible assets	636	6,177	5,541	871.23	
Other assets	643,358	939,164	295,806	45.98	(Note 5)
Total asset value	2,587,021	3,306,441	719,420	27.81	
Current liabilities	839,682	1,071,898	232,216	27.66	(Note 6)
Non-current liabilities	189,100	510,661	321,561	170.05	(Note 7)
Liabilities	1,028,782	1,582,559	553,777	53.83	
Share capital	988,563	998,178	9,615	0.97	
Capital stock	301,289	308,439	7,150	2.37	
Capital surplus					
Retained earnings	295,260	338,347	43,087	14.59	
Treasury shares	(23,017)	(25,913)	(2,896)	12.58	
Exchange differences on translating foreign operations					
Exchange differences	(24,358)	(6,080)	18,278	(75.04)	(Note 8)
Total equity	1,558,239	1,723,882	165,643	10.63	

Details are as follows:

(Note 1): The two-year financial information is based on the International Financial Reporting Standards (IFRS) consolidated financial information, which has been verified by an accountant. At present, the subsequent changes of the above items are more than 20 percent and the change amount is more than NT \$ten million.

(Note 2):

(Note 3):

(Note 4): The increase in funds and long-term investments was mainly due to the increase in investments in associates of approximately NT \$27,000 thousand in 2022.

(Note 5):

(Note 6): The increase in fixed assets was mainly due to the successive acceptance of solar power plants and energy storage sites in 2022.

(Note 7): The increase in other assets is mainly due to the increase in contract performance costs due to the acquisition of subsidiaries, the increase in right-of-use assets for the construction of energy storage sites, and the expansion of energy storage business in 2022.

(Note 8):

The increase in current liabilities was mainly due to the increase in contract liabilities for the expansion of energy storage business in 2022.

The increase in non-current liabilities was mainly due to the increase in lease liabilities for the construction of energy storage sites in 2022.

The increase in exchange differences on translating foreign operations compared to 2021 was mainly due to exchange rate changes in 2022.

Favorable exchange differences.

2. Operating results

(1) Comparative analysis of operating results

Unit: NT \$ thousand

Project \ Year	Year 2021	Year 2022	Increase (decrease) amount	Change in proportion (%)
Total operating revenue	1,050,854	1,213,529	162,675	15.48
Less: Sales returns	1,667	1,209	(458)	(27.47)
Sales discount	240	902	662	275.83
Net operating revenue	1,048,947	1,211,418	162,471	15.49
Operating cost	726,881	914,214	187,333	25.77
Gross profit	322,066	297,204	(24,862)	(7.72)
Operating expense	316,481	291,443	(25,038)	(7.91)
Net operating loss	5,585	5,761	176	3.15
Non-operating income and expenses	69,373	60,908	(8,465)	(12.20)
Profit from continuing operations before tax (loss)	74,958	66,669	(8,289)	(11.06)
Income tax (expense) benefit	(39,434)	(15,803)	23,631	(59.93)
Net profit after tax from continuing operations (loss)	35,524	50,866	15,342	43.19
Analysis of changes in financial ratios:				
<ol style="list-style-type: none"> The increase in operating costs in 2022 compared to 2021 was mainly due to the expansion of energy storage business and the recognition of inventory depreciation in the current period. loss. The decrease in income tax expenses in 2022 compared to 2021 was mainly due to the capital gains tax arising from the equity transfer in 2021 and the absence of related transactions in 2022. 				

(2) Analysis of changes in gross profit

	Before and after Increase/decrease	Reasons for differences			
		Price difference	Cost difference	Difference in Sales Mix	Quantity difference
Gross profit	-24,862			V.	
Explanation	This is due to the increase of approximately 16% in the proportion of renewable energy business in 2022 compared with 2021.				

Note: If the issuer operates in multiple industries, the reason for the change in gross profit of each industry should be analyzed by industry.

3. Cash Flow

(1) Liquidity analysis for the last two years

Project \ Year	Year 2021	Year 2022	Increase (decrease) ratio
Cash flow ratio	2.21%	6.42%	190.50%
Cash flow adequacy ratio	77.43%	12.53%	-83.82%
Cash reinvestment ratio	0.95%	2.80%	194.74%
<p>Explanation to major variations: The cash flow ratio increased compared with 2021, mainly due to the increase in cash flow from operating activities in 2022; The decrease in cash flow adequacy ratio compared to 2021 was mainly due to the decrease in total cash flow from operating activities in the past five years compared to 2021.</p>			

(2) Cash Flow Analysis for the Coming Year

Unit: NT \$ thousand

Cash at beginning of period Net Amount	From operating activities throughout the year Net cash flow	Annual cash outflow	Cash balance (inadequacy) Net Amount	Cash inadequacy Remedial Measures	
				Investment plan	Financial plan
578,738	275,288	138,113	715,913	-	-
Analysis of changes in cash flow in the current year: (1) Operating activities: Expected cash inflows from operating activities. (2) Investment activities: It is expected to invest in energy storage sites and companies related to their industrial chains. (3) Financing activities: it is expected that the purchase of materials and energy storage projects will borrow from banks.					

4. Impact of Major Capital Expenditures on Financial Operations in the Most Recent Year:

1. Major capital expenditures and sources of funds: None.
2. Expected income to be generated
 - (1) Projected increase in production, sales, and gross profits: Not applicable.
 - (2) Other benefits: Not applicable.

5. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

Affiliated Enterprises	Main Business	Original investment amount	Policy	Main reason for profit or loss	Improvement plans	Other future investment plans
Billion Sunpower Co., Ltd.	Investment holdings	100,000	Design, manufacture, construction and sales of solar power plants.	The purchase of solar power plants to receive Taipower's electricity revenue. profit increase	-	Nil.
Billion Watts Technologies Co., Ltd.	Investment holdings	122,100	Distribution service of solar power plant equipment and provision of plant maintenance service.	The solar power plant equipment distribution and maintenance services are good, and the business of energy storage construction and maintenance is expanded at the same time this year, resulting in	-	Nil.

				revenue and profit. Increase in dividends		
Billion Energy Storage Technologies Inc.	Investment holdings	80,000	Investment in energy storage sales business	Currently under construction None REVENUE	-	Nil.
BEC Technologies Inc.	Sales of ADSL related products	69,257	Sales of ADSL	The network in rural areas still has stable demand. Continued to profit	-	Nil.
Jing-Hao Energy Co., Ltd.	Investment holdings	26,025	Design, manufacture, construction and sales of solar power plants	Solar power plant equipment distribution and stable demand. Stable profits	-	Nil.
Taichuang Energy Co., Ltd.	Investment holdings	949	Investment in energy storage sales business	At present, the construction has not yet commenced, so there is no income.	-	Nil.
BEC International, LLC	Investment holdings	40,996	International investment	Real estate investment is still stable in the current period Profit	-	Nil.
Avantek Systems PTE. LTD	Investment holdings	8,300	Cloud software management services	It was established this year and has not yet generated a large amount of revenue. Still loss	-	Nil.

Shanda Energy Storage Technology Co., Ltd.	Investment holdings	2,000	Investment in energy storage sales business	At present, the construction has not yet commenced, so there is no income.	-	Nil.
Aquamax Technology Co., Ltd.	Investment holdings	5,100	R & D, design and sales of EMC software	Established this year, no revenue has been generated yet. Loss	-	Nil.
Shengri Energy Storage Technologies Co., Ltd.	Investment holdings	2,000	Investment in energy storage sales business	At present, the construction has not yet commenced, so there is no income.	-	Nil.

6. Risk matters shall be analyzed and evaluated in the most recent year and as of the date of publication of the annual report:

(1) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

Project	Year 2021		Year 2022	
	Total amount	Percentage of Revenue Proportion	Total amount	Percentage of Revenue Proportion
Interest income	5,948	0.57%	7,416	0.61%
Interest expense	6,977	0.67%	9,961	0.82%
Exchange gain (loss)	(18,772)	1.79%	50,763	4.19%

Source: Audited and certified by accountants in 2021 and 2022

(1) Interest rate changes: The interest expense of the Company and its subsidiaries in 2022 accounts for 0.82% of operating revenue, which is very low and has no significant impact on the Company's profit and loss. In the future, when the Company and its subsidiaries need funds to expand their operating scale due to business growth, they will depend on the overall financial environment and the level of their own funds, refer to market information and interest rate trends, and maintain good relationships with financial institutions to obtain favorable capital costs for stable and conservative operations.

(2) Exchange rate changes: The exchange gains of the Company and its subsidiaries in 2022 accounted for 4.19% of the operating income, which was due to the increase in

the U.S. dollar exchange rate as a result of the interest rate hike by the U.S. Federal Reserve in 2022. In order to avoid the risk of exchange rate changes, the Company and its subsidiaries intend to take the following measures:

A. Some contracts are sold in US dollars, and the relevant purchases are paid in US dollars. Natural hedging is adopted to avoid the risk of exchange rate fluctuations of this part of receivables and payables.

B Export quotations take into account exchange rate fluctuations, and reflect costs in a timely manner to adjust selling prices.

C. The financial department maintains close contact with the banks on a daily basis to collect relevant information as a reference for future interest rate and exchange rate trends.

(3) Inflation: The Company and its subsidiaries always pay attention to the changes in the market prices of major raw materials, and price quotations for customers and suppliers are adjusted with the market mechanism as the reference price. In the future, the Company will maintain good interaction with customers and suppliers. In the future, if it can adjust the purchase and sales prices according to market fluctuations, it should be able to avoid significant impact on the Company due to inflation.

(2) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

1. The Company and its subsidiaries do not engage in high-risk and high-leverage investments.
2. The Company and its subsidiaries engage in lending funds to others, endorsement and guarantee in accordance with the Company and its subsidiaries' operating procedures for lending funds to others, endorsement and guarantee measures, acquisition or disposal of assets processing procedures and relevant regulations of the competent authorities, and conduct regular audits and announcements in accordance with the regulations. The executive units will also conduct internal audits and monitoring in accordance with relevant management measures to avoid risks to the operation.

(3) Future R & D plans and estimated R & D expenses: Please refer to the technology and R & D overview of this annual report and operation overview.

(4) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The daily operations of the Company and its subsidiaries are conducted in accordance with the relevant domestic and foreign laws and regulations, and pay attention to the development trend of domestic and foreign policies and changes in laws and regulations at all times to fully grasp the changes in the market environment, and take the initiative to propose response measures in a timely manner. As of the date of publication of the prospectus, the Company and its subsidiaries have not been subject to significant domestic and foreign policy and legal changes that have affected the financial business.

(5) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

In response to the net zero transformation plan in 2050, the government of Taiwan plans to invest nearly NT \$9 thousand in budget in 2030 for renewable energy and hydrogen energy, power grids and energy storage, low-carbon and negative carbon technologies, energy conservation and boiler replacement, and electrification of transportation equipment. Among them, power systems and energy storage are one of the 12 key strategies. The Company and its subsidiaries follow the existing communication and power supply experience, respond to government policies, actively expand the layout of related fields, and accumulate the integration and derivative application capabilities of power systems and energy storage.

(6) Impact of corporate image change on corporate crisis management and countermeasures

The Company is a professional production company of power supply products and broadband network terminal equipment, and since its establishment, the Company has focused on its own business operations, with good business results and reputation, and there is no relevant report on the market that is unfavorable to the Company's corporate image, so there is no problem of corporate image change.

(7) Expected benefits and possible risks of mergers and acquisitions:

The Company and its subsidiaries currently have no plans to acquire other companies.

(8) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None.

(9) Risks associated with any consolidation of sales or purchasing operations:

1. Risk of concentrated procurement:

Some products use specific chipset (such as Echonet, Realtek) as a single source (no alternative material) and have a long delivery period, and have adopted a strategy to prepare materials.

The design plan and system integration of the energy storage related business contracted by the subsidiary are project procurement.

The Company and its subsidiaries are still actively developing other suppliers, and there has not been any shortage or interruption of supply. situation.

2. Sales concentration risk:

Although the Company's communication business and power supply business have a slight concentration of customers, it has actively developed new products and accelerated the expansion of customers to reduce the risk of customer concentration.

The energy storage business of the subsidiary is contracted and built in a project manner, and its service targets are stable with the general manufacturing industry.

In addition to maintaining a good cooperative relationship with current customers, the Company and its subsidiaries will also continue to actively explore other new customers and new business opportunities. Therefore, despite the concentration of sales, there is no significant risk of concentration of sales.

(10) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the company has been transferred or has otherwise changed hands, and there is no effect on the company's operations.

(11) Effects of, Risks Relating to and Response to the Changes in Management Rights:

The Company currently has 114,969,311 ordinary shares in issue, and the total number of shares held by all directors is 18,972,380, accounting for approximately 16.50% of the total issued shares. The directors of the company have maintained good operating performance of the company in recent years. In the future, they will also uphold a stable business philosophy and good management ethics to create growth in the company's operations and profits, and strive for the recognition of all shareholders to the management team.

(12) Litigation or non-litigation events:

1. The Company transferred China Potevio Company Limited and Potevio International Company Limited to China Potevio Company Limited in June 2018.

The Company failed to pay the Company the receivable payment on behalf of others in the amount of USD 4,459 thousand. The Company has appointed a lawyer to submit for arbitration. In April 2023, the Company received a notice from South China International Economic and Trade Arbitration Commission that the award period will be extended to 30 June 2023.

2. On 24 April 2019, the investigation and investigation unit sent personnel to the Company to search and investigate the transactions between the Company and China Potevio Company Limited and Potevio International Trade Company Limited. The case is still in the investigation stage so far. The Company has fully cooperated with the investigation request and provided the relevant documents and account books and information of the aforementioned transactions.

(13) Other major risks:

The Company's information security structure and operations are as follows:

1. In order to implement information security management and prevent the leakage of operational data or personal data of employees and customers, the Company adopts active information security strengthening measures. In addition to ISP computer room intrusion protection, double-A mail protection, the establishment of firewalls, anti-virus and anti-ransomware deployment, and off-site support, information security publicity is irregularly communicated to strengthen employees' information security awareness.
2. In 2022, the Company did not experience any major cyber attacks

that impacted the Company's operations. **7. Other important matters: None.**

VIII. SPECIAL NOTES

1. Private Placement Securities in the Most Recent Year and as of the Date of Publication of the Annual Report:

Project	2022 cash capital increase private common stock Issue date (stock release date): 22 March 2023	
Type of private placement securities	Common shares	
Date and amount approved by the Board of Directors	On 9 June 2022, the shareholders' meeting approved the issuance of no more than 15,000,000 shares.	
Basis and reasonableness of price setting	<p>The date of the board meeting, 14 March 2023, is set as the price determination date.</p> <p>(1) The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction, was NT \$43, NT \$43.40, and NT \$44.15, respectively.</p> <p>(2) The simple average closing price of the common shares of the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction, was NT \$41.03.</p> <p>Therefore, the reference price of this private placement is NT \$44.15. After comprehensive consideration The actual subscription price per share of private placement was NT \$35.32, which was 80% of the reference price and was not lower than the subscription price. The minimum number of resolutions of the shareholders' meeting.</p>	
Method for selecting specific persons	The objects of the private placement of common shares are in compliance with Article 43-6 of the Securities and Exchange Act and the Financial Supervisory Commission. 13 June (91) The person specified in the relevant regulations of Tai-Cai-Zheng-Yi-Zi No. 0910003455 order is Limited to strategic investors.	
Reasons for necessity of private placement	The Company evaluates the capital market conditions and considers the timeliness, convenience, issuance costs and equity stability of fund raising, so it adopts private placement to issue ordinary shares.	
Payment completion date	15 March 2023	
Subscriber profile	Target of private placement	Sino-American Silicon Products Inc.
	Qualifications	Subparagraph 2, Paragraph 1, Article 43-6 of the Securities and Exchange Act
	Subscription quantity	15,000,000 shares of common stock
	Relationship with the Company	Nil.
	Participation in company operations	Nil.
Actual subscription price	NT \$35.32 per share	
Difference between actual subscription price and reference price	Difference between actual subscription price and reference price NT \$8.83	

Impact of private placement on shareholders' equity	The regulation that privately placed securities cannot be freely transferred within three years will ensure the long-term relationship between the company and the subscribers, so there is certain protection of shareholders' rights and interests. In addition, after the capital increase, the Company is expected to strengthen its competitiveness and improve operating efficiency, which will have a positive benefit to shareholders' equity.					
Use of private placement funds and Project implementation progress	First quarter of 2023	Estimated expenditures	Actual amount used	Accumulated International spending and its hundred percent Percentage (%)	Balance and description of purpose of unused funds	Reasons and Improve Plans for Leading or Behind the Project Schedule
	Others: Enrichment camp Working capital, repayment Bank loans, In response to the future Diversified management and company operations Plan and other needs.	529,800,000	439,000,000	83	According to the company's operation progress Treadmill, still Unused 90,800,000	Not applicable.
Benefits of private placement	It can improve the financial structure and reduce the company's financial operating risks, which will have a positive and substantial benefit to the company's shareholders' equity.					

2. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years:

None.

3. Other supplementary information: None.

4. Matters that have a significant impact on shareholders' equity or securities prices as stipulated in Article thirty-six, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act in the most recent year and up to the date of publication of the annual report: None.

Billion Electric Co., Ltd. Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 business report, financial statements (including consolidated financial statements), and earnings distribution proposals; Among them, the financial statements (including consolidated financial statements) have been audited by KPMG Taiwan appointed by the board of directors and an audit report has been issued.

The above-mentioned business report, financial statements (including consolidated financial statements) and earnings distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to Article 14-4 of the Securities and Exchange Act and Article two hundred and nineteen of the Company Act, we hereby submit this report for your review.

To

2023 Annual General Meeting

Billion Electric Co., Ltd.

Convener of the Audit
Committee:

1 4 M a r c h

Independent Auditor's Report

To: Board of Directors of Billion Electric Co., Ltd. For general public information:

Audit opinions

We have audited the accompanying parent company only balance sheets of Billion Electric Co., Ltd. as at December 31, 2022, as well as the parent company only comprehensive income statements, parent company only statement of changes in equity, parent company only statement of cash flows, and notes to parent company only financial statements (including the summary of significant accounting policies) of for the periods from January 1 to December 31, 2022.

In our opinion, based on our audits and the reports of other auditors as described in the Other Matter section of our report, the parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material respects, and are sufficient to express the financial position of Billion Electric Co., Ltd. as at December 31, 2022, as well as the parent company's financial performance and cash flow for the period from January 1 to December 31, 2022.

Basis of Audit Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the Accountant's Responsibilities for the Audit of the Parent Company Only Financial Statements section of this report. We are independent of Billion Electric Co., Ltd. in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matters

The 2021 parent company only financial statements of Billion Electric Co., Ltd. was audited by other auditors, and an unqualified opinion was issued on March 28, 2022.

Financial statements of certain subsidiaries accounted for using under equity method that are included in the 2022 parent company only financial statements are not audited by us, but by other auditors. Therefore, our opinions on this parent company only financial statements that is related to the financial statements of the said subsidiaries are based on audit report issued by other accountants. The investment accounted for using equity method amounted to NT\$53,097 thousand as of December 31, 2022, accounting for 2.55% of total assets; the share of income of subsidiaries and associates recognized under the equity method amounted to NT\$40 thousand for the year ended December 31, 2022, accounting for 0.09% of the net profit before tax.

Key Audit Matters

The key audit matters refers to the most important matters regarding the audit of the parent company only financial statements of Billion Electric Co., Ltd. for the year of 2022 according to our professional judgment. These matters have been addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our audit opinion. As such, we do not express a separate opinion on these matters. The key audit matters of the Consolidated Financial Statements of Billion Group for the year of 2022 are as follows:

Income from sales and income from sales of subsidiaries accounted for using the equity method

For the accounting policies regarding the recognition of sales revenue, please refer to Note 4 (16) -- Income Recognition of the parent company only financial statements; for disclosure of relevant information about sales revenue, please refer to Note 6 (25) -- Revenue from Contracts with Customers of the parent company only financial statements.

Explanation of Key Audit Matters:

The principle source of income of Billion Electric Co., Ltd. and its subsidiaries accounted for using the equity method is income from sales of products. A portion of the income is derived from primary customers added in the current year, which has a significant impact on the overall financial statement and its main risk is whether the income actually occurs. Thus, we prioritize sales revenue in the audit of the financial statements.

How the matter was addressed in our audit:

1. Understand the aforementioned internal control of sales revenue for sales customers and evaluate and test the effectiveness of its design and execution.
2. Obtain the aforementioned list of sales customers and assess whether the relevant background, transaction amount and credit limit are reasonable for the size of the company.
3. Take a copy of sales invoice of the above sales customer as reference and select an appropriate sample, verify the external shipping documents, investigate the recipient, receivable condition and transaction condition, whether there are no significant abnormalities, to ensure the authenticity of the sales revenue.
4. The details of the income after the accounting period shall be checked for significant depreciation to confirm whether there are any significant abnormalities in revenue recognition.

Responsibilities of management and governing body for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the accounting reports in accordance with Regulations of Financial Treatment of Industrial and Commercial Groups” promulgated by Ministry of the Interior and Enterprise Accounting Standards and its interpretations, and for maintenance of necessary internal control in the preparation of the Parent Company Only Financial Statements, so as to ensure that the Parent Company Only Financial Statements are free from material misstatements, whether due to fraud or error.

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

Those charged with governance (including the audit committee) of Billion Electric Co., Ltd. are responsible for supervising the financial reporting process.

Auditor’ s responsibilities for the audit of the parent company only financial statements

The purpose of our audit on the Parent Company Only Financial Statements is to obtain reasonable assurance as to whether the Parent Company Only Financial Statements as a whole contain material misstatement due to fraud or error, and to provide an audit report. Reasonable assurance is high level of assurance, but is not a guarantee that an audit conducted in accordance with the Generally Accepted Auditing Standards (GAAS) will always detect a material misstatement when it exists. Misstatements could be resulted from fraud or error. The misstated amounts are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Parent Company Only Financial Statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We have also executed the following tasks:

1. Identified and evaluated the risk of material misstatements due to fraud or error in the Parent Company Only Financial Statements; designed and carried out appropriate countermeasures for the evaluated risks; obtained sufficient and appropriate evidence to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain the necessary understanding of the internal controls involved in the audit to design an appropriate audit procedure under the circumstances, except that the purpose is not to express an opinion on the effectiveness of the internal controls of Billion Electric Co., Ltd.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and related disclosures made by management.
4. On the basis of the verification evidence obtained, it is concluded whether there is significant uncertainty about the appropriateness of the continuing operations accounting basis adopted by the management and the events or circumstances that may cause significant doubt about the ability of Billion Electric Co., Ltd. to continue its operations. If we reckon that material uncertainties exist in the events or conditions, we are obliged to include in our audit report a reminder that draws the attention of users of the Parent Company Only Financial Statements to relevant disclosures contained therein, or to modify our audit opinion when such disclosures are considered inappropriate. Our conclusions are based on the audit evidence obtained up to the date of our auditor' s report. However, future events or circumstances may cause Billion Electric Co., Ltd. to no longer be able to continue operating.
5. Evaluated the overall presentation, structure and content of the Parent Company Only Financial Statements (including relevant notes), and whether it adequately represents the underlying transactions and events.
6. Obtain sufficient and appropriate verification evidence of the financial information of subsidiaries accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for directing, overseeing, and executing the audit of and forming the audit opinion on Billion Electric Co., Ltd.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identified during our audit).

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of Billion Electric Co., Ltd. for the year 2022. We describe these matters in our auditor' s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

CPAs:

Competent authority approval number : Taiwan Financial Certificate (6) No.
0930106739
Jin-Guan-Zheng-Shen-Zi No. 1040003949

March 14, 2023

Billion Electric Co., Ltd.
Balance Sheets
December 31, 2022 and 2021

Unit: Thousands NTD

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets											
Current assets:											
1100	Cash and cash equivalents (Note 6(1))	\$ 149,111	7	296,296	14	2100	Short-term borrowings (Note 6(16))	\$ 217,000	10	299,000	14
1110	Financial assets at fair value through profit or loss - current (Note 6(2))	25,645	1	85,002	4	2130	Contract liabilities - current (Note 6(25))	23,613	1	28,340	1
1136	Financial assets at amortized cost - current (Note 6(4))	61,460	3	3,700	-	2170	Accounts payables	32,336	2	86,029	4
1151	Notes receivable (Notes 6(5) and (25))	955	-	46	-	2200	Other payables	35,975	2	38,173	2
1170	Net accounts receivable (Notes 6(5) and (25))	31,418	2	27,441	1	2220	Other payables - related parties (Note 7)	1,238	-	-	-
1180	Net accounts receivable - related parties (Notes 6(5) and (25) and 7)	17,804	1	114,389	5	2230	Income tax liabilities for the current period (Note 6(21))	2,554	-	9,414	1
1200	Other receivables (Note 6(6))	12,008	-	10,837	1	2250	Provision for liabilities - current (Note 6(19))	9,585	1	9,426	1
1210	Other receivables - related parties (Notes 6(6) and 7)	20,132	1	42	-	2280	Lease liabilities - current (Note 6(18))	5,783	-	5,443	-
1220	Income tax assets in the current period	160	-	379	-	2320	Long-term borrowings due within one year (Note 6(17))	23,483	1	4,657	-
1300	Net inventories (Note 6(7))	139,807	7	164,773	8	2300	Other current liabilities	10,671	1	4,425	-
1470	Other current assets (Note 6(15))	24,335	1	23,835	1		Total current liabilities	<u>362,238</u>	<u>18</u>	<u>484,907</u>	<u>23</u>
1482	Contract performance costs - current (Note 6(25))	55,704	3	-	-		Non-current liabilities:				
	Total current assets	<u>538,539</u>	<u>26</u>	<u>726,740</u>	<u>34</u>	2540	Long-term borrowings (Note 6(17))	56,641	3	55,187	3
	Non-current assets					2570	Deferred income tax liabilities (Note 6(21))	29,777	1	28,246	1
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6(3))	3,797	-	3,797	-	2580	Lease liabilities - non-current (Note 6(18))	44,929	2	52,225	2
1535	Financial assets at amortized cost - non-current (Note 6(4))	437,152	21	393,710	19	2640	Net defined benefit liabilities - non-current (Note 6(20))	16,640	1	21,821	1
1550	Investments using the equity method (Note 6(8), (9), (10) and (11))	581,285	28	457,804	21	2645	Guarantee deposits received	483	-	533	-
1600	Property, plant and equipment (Note 6(12))	371,866	18	393,600	18		Total non-current liabilities	<u>148,470</u>	<u>7</u>	<u>158,012</u>	<u>7</u>
1755	Right-of-use assets (Note 6(13))	50,515	2	57,957	3		Total liabilities	<u>510,708</u>	<u>25</u>	<u>642,919</u>	<u>30</u>
1760	Investment property (Note 6(14))	60,680	3	61,009	3	3110	Equity (Note 6(22)):				
1780	Intangible assets	535	-	455	-	3140	Ordinary shares capital	996,973	48	988,563	46
1840	Deferred income tax assets (Note 6(21))	14,690	1	16,199	1	3200	Advance receipts for ordinary shares	1,205	-	-	-
1900	Other non-current assets (Note 6(15))	23,128	1	27,893	1	3310	Capital surplus	308,439	15	301,289	14
	Total non-current assets	<u>1,543,648</u>	<u>74</u>	<u>1,412,424</u>	<u>66</u>	3320	Retained earnings:				
						3350	Legal surplus reserve	215,979	10	213,373	10
							Special surplus reserves	75,152	3	55,830	3
							Unappropriated earnings	47,216	2	26,057	1
								<u>338,347</u>	<u>15</u>	<u>295,260</u>	<u>14</u>
							Other equity:				
						3410	Exchange differences on translating the financial statements of foreign operations	(6,080)	-	(24,358)	(1)
						3420	unrealized gain or loss on financial assets measured at fair value through other comprehensive income	(41,492)	(2)	(41,492)	(2)
						3500	Treasury shares	(25,913)	(1)	(23,017)	(1)
							Total equity	<u>1,571,479</u>	<u>75</u>	<u>1,496,245</u>	<u>70</u>
							Total liabilities and equity	<u>\$ 2,082,187</u>	<u>100</u>	<u>2,139,164</u>	<u>100</u>

(Please refer to the notes attached to this financial statement.)

Chairman: Zhong-Ting Chen

Manager: Hong-Zheng Chen

Accounting Supervisor: Ying-Hui Su

Billion Electric Co., Ltd.
Comprehensive Income Statements
January 1 to December 31, 2022 and 2021

Unit: Thousands NTD

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating income (Notes 6(25) and 7)	\$ 480,746	100	578,699	100
5000	Operating cost (Notes 6(7), (12), (13), (20) and 7)	388,801	81	461,819	80
	Operating gross profit	91,945	19	116,880	20
5910	Less: unrealized gain on sale of goods	23,229	5	18,954	3
5920	Add: Realized sales profit	19,094	4	17,586	3
	Realized operating gross profit	87,810	18	115,512	20
	Operating expenses (Notes 6(12), (13), (18), (23) and (26)):				
6100	Sales expenses	39,979	8	57,143	10
6200	Administrative expenses	45,353	10	40,456	7
6300	Research and development expenses	76,814	16	86,068	15
6450	Reversal gain on expected credit impairment	-	-	(5,000)	(1)
	Total operating expenses	162,146	34	178,667	31
	Net amount of other income and expenses (Note 6(27))				
6500	Net amount of other income and expenses	16,739	4	105	-
	Net operating loss	(57,597)	(12)	(63,050)	(11)
	Non-operating income and expenses (Notes 6(14), (28) and 7)				
7100	Interest income	5,886	1	3,709	1
7010	Other income	18,108	4	19,418	3
7020	Other gains and losses	70,471	15	56,210	10
7050	Financial costs	(7,250)	(2)	(5,917)	(1)
7060	Share of profit or loss of subsidiaries and associates recognized under equity method	14,795	3	35,094	6
	Total non-operating income and expenses	102,010	21	108,514	19
7900	Net profit before tax	44,413	9	45,464	8
7951	Less: Income tax expense (Note 6(21))	4,508	1	18,460	3
8200	Net profit for the year	39,905	8	27,004	5
8300	Other comprehensive income (Note 6(21) and (22)):				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plan	3,978	1	1,613	-
8349	Less: Income tax related to non-reclassified items	796	-	323	-
	Total of items that will not be reclassified to profit or loss	3,182	1	1,290	-
8360	Items that may be subsequently reclassified to profit or loss				
8361	Exchange differences on translating the financial statements of foreign operations	22,848	5	42,720	7
8399	Less: Income tax related to items that may be reclassified to profit or loss	4,570	1	8,115	1
	Total of items that may be subsequently reclassified to profit or loss	18,278	4	34,605	6
8300	Other comprehensive income for the year	21,460	5	35,895	6
8500	Total comprehensive income for the year	<u>\$ 61,365</u>	<u>13</u>	<u>62,899</u>	<u>11</u>
	Earnings per share (NTD) (Note 6(24))				
9750	Basic earnings per share	<u>\$ 0.41</u>		<u>0.28</u>	
9850	Diluted earnings per share	<u>\$ 0.40</u>		<u>0.27</u>	

(Please refer to the notes attached to this financial statement.)

Chairman: Zhong-Ting Chen

Manager: Hong-Zheng Chen

Accounting Supervisor: Ying-Hui Su

Billion Electric Co., Ltd.
Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: Thousands NTD

	Ordinary shares capital	Advance receipts for ordinary shares	Capital surplus	Legal surplus reserve	Retained earnings		Total	Other equity items		Total	Treasury shares	Total equity
					Special surplus reserves	Unappropriated earnings		Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income			
Balance as of January 1, 2021	\$ 988,563	-	295,873	212,882	51,407	4,915	269,204	(58,963)	(41,492)	(100,455)	(2,145)	1,451,040
Net profit for the year	-	-	-	-	-	27,004	27,004	-	-	-	-	27,004
Other comprehensive income for the year	-	-	-	-	-	1,290	1,290	34,605	-	34,605	-	35,895
Total comprehensive income for the year	-	-	-	-	-	28,294	28,294	34,605	-	34,605	-	62,899
Earnings appropriation and distribution:												
Provision of legal reserve	-	-	-	491	-	(491)	-	-	-	-	-	-
Provision of special surplus reserve	-	-	-	-	4,423	(4,423)	-	-	-	-	-	-
Repurchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(39,169)	(39,169)
Changes in ownership interests in subsidiaries	-	-	-	-	-	(2,238)	(2,238)	-	-	-	-	(2,238)
Share-based payment	-	-	5,416	-	-	-	-	-	-	-	18,297	23,713
Balance as of December 31, 2021	988,563	-	301,289	213,373	55,830	26,057	295,260	(24,358)	(41,492)	(65,850)	(23,017)	1,496,245
Net profit for the year	-	-	-	-	-	39,905	39,905	-	-	-	-	39,905
Other comprehensive income for the year	-	-	-	-	-	3,182	3,182	18,278	-	18,278	-	21,460
Total comprehensive income for the year	-	-	-	-	-	43,087	43,087	18,278	-	18,278	-	61,365
Earnings appropriation and distribution:												
Provision of legal reserve	-	-	-	2,606	-	(2,606)	-	-	-	-	-	-
Provision of special surplus reserve	-	-	-	-	19,322	(19,322)	-	-	-	-	-	-
Share of changes in associates and joint ventures recognized under equity method	-	-	32	-	-	-	-	-	-	-	-	32
Repurchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(3,181)	(3,181)
Difference between actual acquisition or disposal of equity interest in a subsidiary and its carrying value	-	-	47	-	-	-	-	-	-	-	-	47
Changes in ownership interests in subsidiaries	-	-	2,223	-	-	-	-	-	-	-	-	2,223
Share-based payment	8,410	1,205	4,848	-	-	-	-	-	-	-	285	14,748
Balance as of December 31, 2022	\$ 996,973	1,205	308,439	215,979	75,152	47,216	338,347	(6,080)	(41,492)	(47,572)	(25,913)	1,571,479

(Please refer to the notes attached to this financial statement.)

Chairman: Zhong-Ting Chen

Manager: Hong-Zheng Chen

Accounting Supervisor: Ying-Hui Su

Billion Electric Co., Ltd.
Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: Thousands NTD

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net profit before tax for the year	\$ 44,413	45,464
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation expenses	21,529	20,079
Amortization expense	507	655
Reversal gain on expected credit impairment	-	(5,000)
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	16,393	(842)
Interest expenses	7,250	5,917
Interest income	(5,886)	(3,709)
Dividend income	(2,287)	(2,273)
Remuneration cost for share-based payment	1,911	5,358
Share of profit of subsidiaries and associates recognized under equity method	(14,795)	(35,094)
Gains from disposal of property, plant and equipment	(16,895)	(105)
Disposal of investment income using the equity method	(22,166)	(63,404)
Loss from modification of lease contracts	156	-
Unrealized gain on sale of goods	23,229	18,954
Realized sales profit	(18,597)	(17,586)
Unrealized gain on foreign currency exchange	(6,787)	(4,354)
Total adjustments to reconcile profit and loss	<u>(16,438)</u>	<u>(81,404)</u>
Net changes related to operating assets/liabilities:		
Financial assets at fair value through profit or loss	42,964	(18,123)
Notes receivable	(909)	(24)
Accounts receivable	(4,573)	22,744
Accounts receivable - related parties	97,045	(14,953)
Other receivables	(5,414)	(2,541)
Other receivables from related parties	(62)	15,678
Inventories	24,966	(17,036)
Other current assets	(500)	(16,498)
Contract performance costs	(55,704)	-
Contract liabilities - current	(4,727)	19,605
Accounts payables	(53,869)	29,223
Accounts payables - related parties	-	(13,075)
Other payables	(4,542)	(1,922)
Other payables to related parties	1,238	-
Other current liabilities	6,246	10,579
Net defined benefit liabilities	(1,203)	33
Adjustments:	<u>24,518</u>	<u>(67,714)</u>

(Please refer to the notes attached to this financial statement.)

**Chairman: Zhong-Ting
Chen**

**Manager: Hong-Zheng
Chen**

**Accounting Supervisor:
Ying-Hui Su**

Billion Electric Co., Ltd.
Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: Thousands NTD

	2022	2021
Cash inflow (outflow) from operating activities	\$ 68,931	(22,250)
Interests received	4,524	3,851
Interests paid	(7,311)	(5,978)
Income tax paid	(13,475)	(17,047)
Net cash inflow (outflow) from operating activities	52,669	(41,424)
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	(101,202)	-
Disposal of financial assets measured at amortized cost	-	48,497
Acquisition of investments using the equity method	(27,000)	(4,600)
Disposal of subsidiaries	23,452	267,426
Acquisition of properties, plants and equipments	(43,409)	(31,513)
Disposal of properties, plants and equipments	83,582	105
Increase in other receivables	-	(6,689)
Decrease in other receivables	5,575	8,000
Increase in other receivables - related parties	(20,000)	(42)
Acquisition of intangible assets	(587)	(146)
Increase in other non-current assets	(9,151)	(8,897)
Dividends received	11,603	13,183
Net cash (outflow) inflow from investment activities	(77,137)	285,324
Cash flows from financing activities:		
Decrease in short-term loans	(82,000)	(15,000)
Proceeds from long-term borrowings	87,925	1,000
Repayment of long-term borrowings	(67,645)	(4,594)
Decrease in guarantee deposits received	(50)	(111)
Employee stock options exercised	12,115	-
Cost of repurchase treasury shares	(3,181)	(39,169)
Treasury shares acquired by employees	285	18,297
Acquisition of equity of subsidiaries	(71,593)	(119,000)
Disposal of equity of subsidiaries (no loss of control over the subsidiaries)	260	-
Repayment of the lease principal amount	(6,158)	(6,443)
Net cash inflow (outflow) from financing activities	(130,042)	(165,020)
Effect of exchange rate changes on cash and cash equivalents	7,325	2,477
(Decrease) increase in cash and cash equivalents for the period	(147,185)	81,357
Cash and cash equivalents at the beginning of the year	296,296	214,939
Cash and cash equivalents at the end of the year	\$ 149,111	296,296

(Please refer to the notes attached to this financial statement.)

**Chairman: Zhong-Ting
Chen**

**Manager: Hong-Zheng
Chen**

**Accounting Supervisor:
Ying-Hui Su**

Billion Electric Co., Ltd.
Notes to Parent Company Only Financial Statements
2022 and 2021
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

Billion Electric Co., Ltd. (hereinafter referred to as the Company) was approved for establishment on March 26, 1973. Its main business covers the manufacture of electronic components, design, manufacture and sales of integrated digital service network (ISDN), broadband communication network terminal equipment and systems (ADSL) and broadband routers (Router), renewable energy power generation for self-use and energy technology services.

II. Date and Procedures of Authorization of Financial Statements

This parent company only financial statement was approved by the Board of Directors on March 14, 2023.

III. Applicability of Newly Issued and Revised Standards and Interpretations

(I) Effect of the adoption of new and revised standards and interpretations endorsed by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The Company has applied the following newly amended IFRS since January 1, 2022, and this has not had a significant impact on parent company only financial statement.

- Amendment to IAS 16, Property, Plant and Equipment - Proceeds before Intended Use
- Amendment to IAS 37, Onerous Contracts — Cost of Fulfilling a Contract
- Improvement to IFRS 2018-2020
- Amendment to IFRS 3, Reference to the Conceptual Framework

(II) Impact of not yet adopting FSC-approved IFRS

The Company assesses that the application of the following newly amended IFRS effective as of January 1, 2023 will not have significant impacts on the parent company only financial statement.

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

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

- (III) New and Revised Guidelines and Interpretations Not Endorsed by FSC
Standards and interpretations issued and amended by the IASB but not yet endorsed by FSC, which may be of interest to the Company, are as follows:

<u>New or revised guidelines</u>	<u>Main changes</u>	<u>Effective date issued by IASB</u>
Amendment to IAS 1 Classification of Liabilities as Current or Non-Current	<p>The current IAS 1 stipulates that liabilities for which an enterprise has not unconditionally deferred the repayment period to at least twelve months after the reporting period shall be classified as current. The amendment deletes the requirement that the right should be unconditional and instead requires that the right must exist and be substantial at the end of the reporting period.</p> <p>The amendment clarifies how enterprise should classify the liabilities paid off by issuing its own equity instruments (such as convertible corporate bonds).</p>	January 1, 2024

The company is continuously assessing the impact of the above-mentioned standards and interpretations on the company's financial position and operating results, and the relevant impact will be disclosed when the assessment is completed.

The Company expects that the following other unrecognized new and amended guidelines will not have significant impacts on parent company only financial statement.

- Amendment to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture
- IFRS 17 Insurance Contracts and Amendment to IFRS 17
- Amendment to IAS 1, Non-current liabilities with Covenants
- Amendment to IFRS 17, Initial Application of IFRS 17 and IFRS 9 — Comparative Information
- Amendments to IFRS 16, Lease Liability in a Sale and Leaseback

IV. Summarized Remarks on Significant Accounting Policies

The summary of significant accounting policies used in this parent company only financial statement is as follows. The following accounting policies have been applied consistently for all periods of presentation of this parent company only financial statement.

- (I) Statement of Compliance
This parent company only financial statement was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- (II) Basis of Preparation

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

1. Basis of Measurement

Except for the following important items in the balance sheet, this parent company only financial statement is prepared on the basis of historical costs:

Financial assets measured at fair value through profit or loss measured at fair value;

Financial assets at fair value through other comprehensive income measured at fair value;

Net defined benefit liabilities are determined by deducting the present value of benefit obligations from the fair value of pension fund assets.

2. Functional Currency and Presentation Currency

Each entity of the Company uses the currency of the primary economic environment in which it operates as its functional currency. The Parent Company Only Financial Statements are presented in New Taiwan Dollars, Cleanaway's functional currency. All financial information expressed in NT\$ is expressed in thousands of NT\$.

(III) Foreign currency

1. Foreign Currency Transactions

Foreign currency transactions are converted into functional currency at the exchange rate of the trading day. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items in foreign currencies are converted into functional currency at the exchange rate on that day. The exchange differences arising from conversion are usually recognized in profit or loss.

2. Foreign operating institutions

The assets and liabilities of foreign operating institutions are converted into NT\$ at the exchange rate on the reporting date; the amount of income and expenses are converted into NT\$ at the average exchange rate for the current period, and the resulting exchange difference is recognized in other comprehensive income.

When the disposal of a foreign operating institution results in loss of control or significant impact, the cumulative exchange difference associated with the foreign operating institution is fully reclassified as profit or loss. When part of the disposal includes subsidiaries of foreign operating institutions, the relevant cumulative exchange difference is pro rata re-attributed to non-controlling interests.

Foreign currency exchange gains or losses arising on monetary receivables or payables of foreign operating institutions are considered to be part of the net investment in the foreign operating institutions and are considered to be other comprehensive gains or losses if there is no repayment plan and it is not possible to repay it in the foreseeable future. For the monetary receivable or payable items of foreign operating institutions, if there is no settlement plan and it is impossible to pay off in the foreseeable future, the exchange gains and losses arising therefrom shall be regarded as part of the net investment in the foreign operating institution and recognized in other comprehensive income.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

(IV) Criteria for classification of current and non-current assets and liabilities

Assets that meet one of the following conditions are classified as current assets, and all other assets that are not current assets are classified as non-current assets:

1. The asset is expected to be realized in its normal operating period or is intended to be sold or consumed;
2. The asset is held primarily for the purpose of trading;
3. The asset is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or cash equivalents, unless there are other restrictions on the exchange or use of the asset to meet liabilities at least twelve months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities, and all other liabilities that are not current liabilities are classified as non-current liabilities:

1. The liability is expected to be settled during the normal operating period;
2. The liability is held primarily for the purpose of trading;
3. The liability is expected to mature within twelve months after the reporting period; or
4. Liabilities for which there is no unconditional right to defer repayment to at least twelve months after the reporting period. The terms of the liability, which may, at the option of the counterparty, result in its liquidation through the issuance of equity instruments do not affect its classification.

(V) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents refer to short-term and highly liquid investments that can be converted into fixed amounts of cash at any time and have an insignificant risk of value change. Time deposits that meet the aforementioned definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are listed in the cash equivalents.

(VI) Financial instruments

Accounts receivable are originally recognized at the time of generation. All other financial assets and financial liabilities are recognized initially when the Company becomes a party to the contractual terms of the financial instrument. Financial assets (other than accounts receivable that do not include significant financial components) or financial liabilities that are not measured at fair value through profit or loss are originally measured at fair value plus transaction costs that are directly attributable to the acquisition or issue. Accounts receivable, excluding significant financial components, are originally measured at the transaction price.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

1. Financial assets

Where the purchase or sale of financial assets conforms to customary transactions, the Company shall consistently adopt the accounting treatment on the transaction date or delivery date for all purchases and sales of financial assets classified in the same manner.

Financial assets at the time of initial recognition are classified as: financial assets measured at the amortized cost, equity instruments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. Only when the Company changes its business model for managing financial assets, it will reclassify all affected financial assets from the first day of the next reporting period.

(1) Financial assets at amortized cost

Financial assets are measured at amortized cost when they meet the following conditions at the same time and are not designated as measured at fair value through profit or loss:

- The financial asset is held under the operating model for the purpose of collecting contractual cash flows.
- The contractual terms of the financial asset give rise to cash flows on a specific date, which are exclusively the payment of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost by the original recognized amount plus or minus the accumulated amortization amount calculated using the effective interest method, adjusting for any allowance for losses. Interest income, exchange gains and losses on impairment are recognized in profit or loss. When derecognized, the gain or loss is included in the profit or loss.

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

Debt instrument investments that meet the following conditions at the same time, and are not designated as measured at fair value through profit or loss, are measured at fair value through other comprehensive income:

- The financial asset is held under the operating model for the purpose of collecting contractual cash flows and selling.
- The contractual terms of the financial asset give rise to cash flows on a specific date, which are exclusively the payment of principal and interest on the principal amount outstanding.

The company holds part of the accounts receivable under the business model for the purpose of collecting contractual cash flow and selling, so these accounts are measured at fair value through other comprehensive income. However, it is listed under the accounts receivable.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

Upon initial recognition, the Company may make an irrevocable choice to report the subsequent fair value of investment in equity instruments not held for trading in other comprehensive income. The aforementioned choices are made on an instrument-by-instrument basis.

Investments in debt instruments are subsequently measured at fair value. Interest income calculated using the effective interest method, exchange gains and losses and impairment losses are recognized in profit or loss, and the remaining net gains or losses are recognized in other comprehensive income. At the time of derecognition, the accumulated other comprehensive income amount is reclassified to profit and loss.

Investments in equity instruments are subsequently measured at fair value.

Dividend income (unless it clearly represents the recovery of part of the investment cost) is recognized in profit or loss. The remaining net profit or loss is recognized as other comprehensive income and is not reclassified to profit or loss.

Dividend income from equity investments is recognized on the date when the Company has the right to receive dividends (usually the ex-dividend date).

(3) Financial assets at fair value through profit or loss

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. At the time of original recognition, in order to eliminate or significantly reduce the improper accounting ratio, the Company may irrevocably designate financial assets that meet the conditions of measuring at amortized cost or at fair value through other comprehensive income as the financial assets measured at fair value through profit or loss.

These assets are subsequently measured at fair value and their net profit or loss (including any dividend and interest income) is recognized in profit or loss.

(4) Assess whether the contractual cash flows are exclusively payment of principal and interest on the outstanding principal amount

For the purpose of evaluation, the principal is the fair value of a financial asset at the time of initial recognition, and the interest is composed of the following considerations: the time value of money, the credit risk related to the principal amount outstanding in a specific period, other basic lending risks and costs and profit margin.

To evaluate whether the contractual cash flow is exclusively the payment of the principal and the interest on the principal amount outstanding, the Company considers the terms of the financial instrument contract, including evaluating whether the financial asset contains a contractual term that can change the timing or amount of the contractual cash flow such that it does not meet this condition. In the evaluation, the Company considers:

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

- Any contingencies that change the timing or amount of contractual cash flow;
- The terms of the contractual coupon rate that may be adjusted, including the characteristics of the variable rate;
- Prepayment and deferral features; and
- The Company's right of claim is limited to the terms (e.g., non-recourse characteristics) of cash flows derived from a particular asset.

(5) Impairment of financial assets

The Company's financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, deposits and other financial assets, etc.), debt instrument investments measured at fair value through other comprehensive income, and expected credit losses on contract assets are recognized as allowance for losses.

The following financial assets are measured in terms of the amount of expected credit losses for 12 months, and the rest are measured in terms of the amount of expected credit losses for the duration:

- Debt securities are determined to have low credit risk at the reporting date; and
- The credit risk of other debt securities and bank deposits (i.e., the risk of default during the expected duration of the financial instrument) has not increased significantly since the original recognition.

The allowance for losses on accounts receivable and contract assets is measured by the amount of expected credit losses during the duration.

When determining whether the credit risk has increased significantly since the original recognition, the Company considers reasonable and substantiated information (obtainable without excessive cost or investment), including qualitative and quantitative information, and analysis based on the Company's historical experience, credit assessment and forward-looking information.

If the contract payment is overdue for more than 120 days, or the borrower is unlikely to fulfill its credit obligations and pay the full amount to the Company, the Company considers the financial asset to be in default, unless there is reasonable and probative information showing that a later benchmark for default is more appropriate.

If the credit risk rating of a financial instrument is equivalent to the "Investment Grade" defined globally (the investment grade BBB- of Standard & Poor's, the investment grade Baa3 of Moody's, or the investment grade twA of Taiwan Ratings, or higher), the credit risk of the debt security is considered low by the Company.

Expected credit losses during the duration refers to expected credit losses arising from all possible defaults during the expected duration of a financial instrument.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

The 12-month expected credit loss refer to expected credit losses arising from possible default events of a financial instrument within twelve months after the reporting date (or a shorter period, if the expected duration of the financial instrument is shorter than twelve months).

The longest period for measuring expected credit losses is the longest contractual period over which the Company is exposed to credit risk.

The expected credit loss is a probability-weighted estimate of credit loss during the expected duration of a financial instrument. Credit losses are measured as the present value of all cash shortfalls, which is the difference between the cash flows that the Company would receive under the contract and the cash flows that the Company expects to receive. Expected credit losses are discounted at the effective interest rate on the financial asset.

The Company assesses whether financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income are credit-impaired at each reporting date. A financial asset is credit-impaired when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable information on the following matters:

- Significant financial difficulties of the borrower or issuer;
- Default, such as delay or overdue for more than 120 days;
- The Company makes concessions to the borrower that would not otherwise be considered by the Company for economic or contractual reasons related to the borrower's financial difficulties;
- The borrower is likely to file for bankruptcy or other financial reorganizations; or
- Disappearance of an active market for the financial asset as a result of financial difficulties.

An allowance for losses on financial assets carried at amortized cost is deducted from the asset's carrying amount. The allowance for losses on investments in debt instruments at fair value through other comprehensive income is adjusted in profit or loss and recognized in other comprehensive income (without reducing the carrying amount of the asset).

When the company cannot reasonably expect to recover all or part of the financial assets, it will directly reduce the total book value of its financial assets. For corporate accounts, the company analyzes the timing and amount of write-offs individually on the basis of whether it is reasonably expected to be recoverable. The Company does not expect a significant reversal of the amount written off. However, written-off financial assets are still enforceable to comply with the Company's procedures for recovering overdue amounts.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

(6) Derecognition of financial assets

The Company will derecognize the financial assets only when the contractual rights derived from the cash flows of the assets terminate, or when the financial assets have been transferred and almost all the risks and rewards of ownership of the assets have been transferred to other enterprises, or when almost all the risks and rewards of ownership have neither been transferred nor retained and control of the financial assets has not been retained.

If the Company enters into transactions to transfer financial assets, if it retains all or substantially all the risks and rewards of ownership of the transferred assets, it will continue to be recognized them in the balance sheet.

2. Financial Liabilities and Equity Instruments

(1) Classification of Liabilities or Equity

The debts and equity instruments issued by the Company are classified as financial liabilities or equity according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

(2) Equity Transactions

An equity instrument is any contract that recognizes the Company's residual equity after deducting all of its liabilities from its assets. The equity instruments issued by the Company are recognized at the price obtained after deducting the direct issuance costs.

(3) Treasury shares

When repurchasing the equity instruments recognized by the Company, the consideration paid (including the direct attributable cost) is recognized as a decrease in equity. Repurchased shares are classified as treasury shares. Subsequent sales or reissue of treasury shares, the amount received is recognized as an increase in equity, and the surplus or loss resulting from the transaction is recognized in capital reserve or retained earnings (if the capital reserve is insufficient to offset).

(4) Financial liabilities

Financial liabilities are classified as amortized cost.

(5) Derecognition of financial liabilities

The Company derecognizes financial liabilities when the contractual obligations have been fulfilled, cancelled or expired. When the terms of a financial liability are modified and there is a significant difference in the cash flow of the modified liability, the original financial liability shall be derecognized, and a new financial liability shall be recognized at fair value based on the modified terms.

When a financial liability is derecognized, the difference between its carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

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(VII) Inventory

Inventories are measured at cost or net realizable value, whichever is lower. Costs include acquisition, production or processing costs and other costs incurred to bring them to the location and state where they are available, and are calculated using the weighted average method.

Net realizable value is the balance of the estimated selling price under normal operating conditions less the estimated cost to complete the required investment and the estimated cost to complete the sale.

(VIII) Investment in Associates

An associate is a company that has a significant influence on its financial and operating policies but is not controlled or jointly controlled.

The Company adopts the equity method for the equity of associates. By using the equity method, the original acquisition is recognized on the basis of cost, and the investment cost includes the cost of the transaction. The carrying amount of an investment in an associate includes the goodwill identified at the time of the original investment, less any accumulated impairment losses.

The parent company only financial statement includes the amount of the profit and loss of each investment related company and other comprehensive income recognized by the Company based on the proportion of equity from the date of significant influence to the date of loss of significant influence, after making adjustments consistent with the company's accounting policies. When changes in equity of an associate in non-profit or loss and other comprehensive income do not affect the Company's shareholding ratio, the Company will recognize the changes in equity attributable to the Company under the shares of the associate in the capital reserve according to the shareholding ratio.

Unrealized gains and losses arising from transactions between the Company and an associate are recognized in the financial statements of the associate only to the extent unrelated to the investor's interest in the associate. When the share of losses of an associate that shall be recognized proportionally by the Company is equal to or exceeds its interest in the associate, it ceases to recognize its losses, and only recognizes additional losses and related liabilities to the extent that statutory obligations, presumptive obligations or payments have been made on behalf of the invested company.

The Company ceases to use the equity method as of the date when it has no investment in an associate any longer, and the difference between the fair value of the retained equity and the disposal price measured at fair value and the carrying amount of the investment on the date when the equity method is ceased is recognized in the current profit or loss. For all amounts previously recognized in other comprehensive income related to the investment, the basis of accounting treatment is the same as that must be followed if the related assets or liabilities are directly disposed of by the associate, that is, if the gains or losses previously recognized in other comprehensive income are reclassified as gain or loss (or retained

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

earnings) when the relevant assets or liabilities are disposed of, when the enterprise stops using the equity method, the profit or loss is reclassified from equity to gain or loss (or retained earnings). If the Company's ownership interests in the associate decreases, but the equity method continues to apply,

then the Company will reclassify the profit or loss related to the reduction of the ownership interests that have previously been recognized in other comprehensive income according to the above-mentioned reduction.

When an associate issues new shares, if the Company fails to subscribe in proportion to its shareholding, thereby causing a change in the shareholding ratio and an increase or decrease in the net equity value of the investment, its capital reserve and the investment using the equity method shall be adjusted based on the increase or decrease; if this adjustment is to offset the capital reserve, but the balance of the capital reserve generated by the investment using the equity method is insufficient, its difference will be debited to retained earnings. However, if the Company does not subscribe in proportion to its shareholding, thereby reducing its ownership interests in the associate, the amount previously recognized in other comprehensive income related to the associate is reclassified in proportion to the reduction, and its accounting treatment is based on the same basis as that required for the direct disposal of related assets or liabilities by the associate.

(IX) Investment in subsidiaries

In the preparation of the parent company only financial statement, the Company evaluates the equity method of the controlled invested company. Under the equity method, the current profit and loss and other comprehensive income of the parent company only financial statement and the current profit or loss and other comprehensive income of the consolidated financial statement are attributable to owners of the parent company, and the owner's equity of the parent company only financial statement and the equity attributable to the owners of the parent company in the consolidated financial statement are the same. Changes in the Company's ownership interests in subsidiaries have not resulted in the loss of the controller, which is treated as an equity transaction with the owners.

(X) Investment property

Investment properties refers to properties held for rent-earning or asset appreciation or both, rather than for normal business sale, production, provision of goods or services, or administrative purposes. The investment property is originally measured at cost, and subsequently measured at cost minus accumulated depreciation and accumulated impairment, and its depreciation method, service life and residual value shall be handled according to the regulations for property, plant and equipment.

Gain or loss on disposal of investment property (calculated as the difference between the net disposal price and the carrying amount of the item) is recognized in profit or loss.

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Rental income from investment property is recognized in other income on a straight-line basis during the lease period. The lease incentive given is also recognized in the lease income during the lease period.

(XI) Property, plant, and equipment

1. Recognition and measurement

Property, plant and equipment items are measured at cost (including capitalized borrowing costs) minus the accumulated depreciation and any accumulated impairment.

When the service life of a material component of property, plant and equipment is different, it is treated as a separate item (the main component) of property, plant and equipment.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only when their future economic benefits are likely to flow into the Company.

3. Depreciation

Depreciation is calculated based on the cost of an asset minus its residual value and is recognized in profit or loss using a straight-line method within the estimated service life of each component.

Land is not subject to depreciation.

The estimated service life for the current period and the comparative period is as follows:

(1) Auxiliary equipment of housing and building: 5 to 55 years.

(2) Machinery: 3 to 20 years.

(3) Transportation equipment: 5 years.

(4) Office equipment and others: 2 to 8 years.

The depreciation method, service life and residual value are reviewed by the Company at each reporting date and adjusted as necessary.

4. Reclassified to investment property

When the use of property is changed from own use to investment, the property is reclassified as investment property based on the carrying amount at the time of the change of use.

(XII) Rental

The Company evaluates whether a contract is or contains a lease on the date of its conclusion, and if the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract is or contains a lease.

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1. Lessee

The Company recognizes the right-of-use assets and lease liabilities on the lease commencement date, and the right-of-use assets are initially measured at cost, which includes the original measured amount of the lease liability, adjusts any lease payments made on or before the lease commencement date, and adds up the original direct costs incurred and the estimated costs of dismantling and removing the underlying asset and restoring the underlying asset and its location, minus any lease incentives collected.

The right-of-use asset is subsequently depreciated by the straight-line method from the beginning of the lease to the expiration of the service life of the right-of-use asset or the expiration of the lease term. In addition, the Company periodically assesses whether the right-of-use assets are impaired and disposes of any impairment losses that have occurred, and adjusts the right-of-use assets in the event that the lease liabilities are re-measured.

Lease liabilities are original measurements of the present value of lease benefits unpaid on the date of commencement of the lease. If the implied interest rate of the lease is easy to determine, the discount rate is the interest rate, and if it is not easy to determine, the Company's incremental borrowing rate is used. In general, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include:

- (1) Fixed payments, including in-kind fixed payments
- (2) For variable lease payments that depend on an index or rate, the index or rate on the lease commencement date is used for the original measurement;
- (3) The amount of the residual value guarantee expected to be paid; and
- (4) The exercise price or penalty payable when it is reasonably certain that the purchase option or lease termination option will be exercised.

The lease liability is subsequently accrued interest using the effective interest method, and its amount is remeasured when:

- (1) There is a change in future lease payments due to changes in the index or rate used to determine lease payments;
- (2) There is a change in the amount of residual value margin expected to be paid;
- (3) There is a change in the valuation of the underlying asset purchase option;
- (4) There is a change in the estimate of whether to exercise the extension or termination option, which changes the assessment of the lease term;
- (5) There are modifications of the subject, scope or other terms of the lease.

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When the lease liability is remeasured due to the aforementioned change in the index or rate used to determine the lease payment, change in the residual value guarantee amount, and change in the evaluation of the purchase, extension or termination options, the book value of the right-of-use asset is adjusted accordingly, and when the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between it and the remeasurement amount of the lease liability is recognized in profit or loss.

The Company presents the right-of-use assets and lease liabilities that do not meet the definition of investment property in the balance sheet as separate items.

Where an agreement contains lease and non-lease components, the Company allocates the consideration in the contract to the individual lease components on a relative stand-alone price basis. However, when leasing land and buildings, the Company chooses to treat the lease component and the non-lease component as a single lease component without distinguishing the non-lease components.

For short-term leases and low-value asset leases for office and other equipment leases, the Company chose not to recognize the right-of-use assets and lease liabilities, but to recognize the relevant lease payments in expenses based on a straight-line basis during the lease period.

The company chooses to adopt a practical expedient approach for all rental concessions that meet all of the following conditions, and does not evaluate whether it is a lease modification:

- (1) Rent concessions incurred as a direct result of the COVID-19 epidemic;
- (2) The change in the lease payment results in the modified lease consideration being almost the same or smaller than the lease consideration before change;
- (3) Any decrease in lease payments only affects payments that were due before June 30, 2021; and
- (4) No other terms and conditions of the lease have materially changed.

Under the practical expedient method, when rental concessions lead to changes in lease payments, the changes are recognized in profit or loss when the event or circumstance that initiates rental concessions occurs.

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2. Lessor

The transaction in which the Company is the lessor is to classify the lease contract on the date of conclusion according to whether it transfers almost all the risks and rewards attached to the ownership of the underlying asset. If so, it is classified as a finance lease, otherwise it is classified as an operating lease. At the time of evaluation, the Company considers relevant specific indicators including whether the lease period covers the main part of the economic life of the underlying asset.

If the Company is a sublease lessor, it handles master lease and sublease transactions separately, and evaluates the classification of sublease transactions based on the right-of-use assets generated by the master lease. If the master lease is a short-term lease and a recognized exemption applies, the sublease transaction should be classified as an operating lease.

Where the agreement includes lease and non-lease components, the Company shall apportion the consideration in the contract according to the provisions of IFRS 15.

(XIII) Intangible assets

1. Recognition and measurement

Goodwill arising on the acquisition of a subsidiary is measured at cost minus the accumulated impairment losses.

Expenditures related to research activities are recognized as profit or loss when incurred.

Development expenditures are capitalized only when they are reliably measurable, the technical or commercial feasibility of the product or process has been achieved, future economic benefits are likely to flow to the Company, and the Company intends and has sufficient resources to complete the development and use or sell the asset. Other development expenses are recognized in profit or loss when incurred. After initial recognition, the capitalized development expenditure is measured at its cost minus the accumulated amortization and accumulated impairment.

The Company's acquisition of other intangible assets with a limited service life is measured at cost minus the accumulated amortization and accumulated impairment.

2. Subsequent expenditures

Subsequent expenditures are capitalized only to the extent that they increase the future economic benefits of the related specific asset. All other expenditure is recognized in profit or loss as incurred, including internally developed goodwill and branding.

3. Amortization

Except for goodwill, amortization is calculated as the cost of the asset minus the estimated residual value and is recognized in profit or loss using the straight-line method from the time the intangible asset is ready for use over its estimated service life.

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The estimated service life for the current period and the comparative period is as follows:

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(1) Computer System and Software 2 to 3 years

The amortization method, service life and residual value of intangible assets are reviewed by the Company at each reporting date and adjusted as necessary.

(XIV) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that the carrying amount of non-financial assets (other than inventories, deferred income tax assets and investment property measured at fair value) may be impaired. If there is any indication, the recoverable amount of the asset is estimated. Goodwill is regularly tested for impairment every year.

For the purposes of impairment testing, a group of assets whose cash inflows are largely independent of those of other individual assets or groups of assets is the smallest identifiable group of assets. The goodwill acquired by business merger is apportioned to each cash-generating unit or group of cash-generating units that are expected to benefit from the synergies of the merger.

The recoverable amount is the higher of an individual asset's or cash-generating unit's fair value minus costs of disposal and its value in use. In assessing the use value, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment losses are recognized if the recoverable amount of an individual asset or cash-generating unit is lower than its carrying amount.

Impairment losses are recognized immediately in profit or loss for the current period, and firstly reduce the carrying amount of the cash-generating unit's apportioned goodwill, and then reduce the carrying amount of each asset in proportion to the carrying amount of other assets in the unit.

Goodwill impairment losses shall not be reversed. Non-financial assets other than goodwill are reversed only to the extent that they do not exceed the carrying amount (less depreciation or amortization) determined when the asset is not recognized in the impairment loss in the previous year.

(XV) Provisions

The recognition of liability provision means that there is a current obligation due to past events, so that the Company will likely need the outflow of resources with economic benefits in the future to pay off the obligation, and the amount of the obligation can be reliably estimated. The liability provision is discounted at a pre-tax discount rate that reflects the current market's evaluation of the time value of money and the specific risk of the liability, and the amortization of the discounted amount is recognized in interest expenses.

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(XVI) Recognition of revenues

1. Revenue from customer contracts

Revenues are measured by the consideration to which goods or services are transferred and to which they are expected to be entitled. The Company recognizes revenue when the control of goods or services is transferred to the customer and the performance obligations are met. The company's main revenues are explained as follows:

(1) Product sales revenue

Product sales revenue comes from the sale of products such as electronic components, power supply units, transformers, ISDN cards, ADSL cards and solar power plant equipment. Except that the solar plant equipment is recognized as revenue when the products arrive at the location designated by the customer, the Company recognizes the remaining products as revenue and accounts receivables at the time of shipment, when the customer has the right to fix the price and use of the products and has the primary responsibility for resale of such products, and bears the risk of obsolescence of the products. Advance receipts for product sales are recognized as contractual liabilities before the product is shipped or delivered to the customer's designated location.

No revenue is recognized during material processing as control of the processed products is not transferred.

(2) Revenue from sale of electricity

Recognized when power is transferred to the electrical substation at Taiwan Power Company's terminal.

2. Cost of customer contracts

(1) Contract performance costs

If the costs incurred in fulfilling a customer contract are not covered by other standards (IAS 2 "Inventory", IAS 16 "Property, Plant and Equipment" or IAS 38 "Intangible Assets"), the company will only recognize such costs in assets when they are directly related to the contract or a clearly identifiable prospective contract, will generate or strengthen resources that will be used to meet (or continue to meet) performance obligations in the future, and are expected to be recoverable.

General and administrative costs, costs of wasted materials, labor or other resources used to perform the contract but not reflected in the contract price, costs associated with fulfilled (or partially satisfied) performance obligations, and costs related to the situation that is indistinguishable from non-fulfilled performance obligations or fulfilled (or partially satisfied) performance obligations are recognized in expenses when incurred.

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(XVII) Employee benefits

1. Defined contribution plans

Contribution obligations to defined contribution pension plan is recognized in expenses during the period of service performed by the employee. Prepaid appropriations are recognized in assets to the extent that they will result in a return of cash or a reduction in future payments.

2. Defined Benefit Plans

The net obligation of the Company to the defined benefit plan is calculated by converting the future benefit amount earned by the employee's service in the current or previous period into the present value of each benefit plan, and deducting the fair value of any plan assets.

The defined benefit obligation is actuarialized annually by a qualified actuary using the estimated unit benefit method. When the results of the calculation may be beneficial to the Company, the recognized assets are limited to the present value of any economic benefits that can be obtained in the form of returning contributions from the plan or reducing future contributions to the plan. The calculation of the present value of economic benefits takes into account any minimum funding requirements.

The remeasurement of net defined benefit liabilities, including actuarial gains and losses, return on plan assets (excluding interest), and any changes in the asset cap impact (excluding interest) are recognized immediately in other comprehensive income and accumulated in retained earnings . The Company determines the net interest expense of net defined benefit liabilities using the net defined benefit liabilities and discount rate determined at the beginning of the annual reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

Changes in benefits associated with prior service costs or curtailment benefits or losses arising from plan modifications or curtailments are recognized immediately in profit or loss. The Company recognizes the repayment gains and losses of the defined benefit plan at the time of the repayment.

3. Other long-term employee benefits

The Company's net obligations for other long-term employee benefits are calculated by converting the future benefits earned by employees for providing services in the current or previous periods into the present value. The re-measured amount is recognized in profit or loss as it arises.

4. Short-term employee benefits

Short-term employee benefit obligations are recognized in expense when services are provided. If the Company has a current statutory or constructive payment obligation due to the past service provided by the employee, and the obligation can be reliably estimated, the amount is recognized in liabilities.

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(XVIII) Share-based payment transactions

In the share-based payment agreement for equity delivery, the fair value on the date of grant is used to recognize the expense and increase the relative equity during the vesting period of the reward. The recognized expenses are adjusted according to the amount of rewards that are expected to meet the service conditions and non-market vesting conditions; and the final recognized amount is measured based on the amount of rewards that meet the service conditions and non-market vesting conditions at the vesting date.

The non-vesting conditions of the share-based payment rewards have been reflected in the measurement of the fair value of the share-based payment date, and the difference between the expected and actual results does not need to be verified and adjusted.

The fair value amount of the cash-delivered share appreciation rights that should be paid to employees is recognized in expenses and increases the relative liability during the period when the employee can obtain compensation unconditionally. The liability is remeasured against the fair value of the share appreciation rights at each reporting date and delivery date, and any changes are recognized in profit or loss.

Employee stock options granted by the Company to employees of its subsidiaries for settlement of the Company's equity instruments are treated as capital contributions to the subsidiaries and are measured at the fair value of the equity instruments at the date of grant and recognized as an increase in the carrying amount of the investment in the subsidiary during the vesting period, with a corresponding adjustment to capital surplus - employee stock options.

(XIX) Income tax

The income tax includes the current income tax and the deferred income tax. Current income tax and deferred income tax shall be recognized in profit or loss, except for those related to business merger, directly recognized in equity or other items related to comprehensive income.

The current income tax includes the estimated income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustment to the previous year's income tax payable or tax refund receivable.

The amount is the best estimate of the amount expected to be paid or collected at the statutory or substantive legislative rates at the reporting date.

The deferred income tax is recognized by measuring the temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and their tax base. Temporary differences arising from the following situations are not recognized in deferred income tax:

1. Assets or liabilities originally recognized in a transaction that is not a business merger, and that does not affect accounting profit and taxable income (loss) at the time of the transaction.

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2. Temporary differences arising from investment in subsidiaries, associates and joint venture equity, in which case the Company can control the timing of the reversal of the temporary difference and it is very likely that the reversal will not occur in the foreseeable future; and
3. Taxable temporary differences arising from the original recognition of goodwill.

The unused tax loss and unused income tax deduction carried forward and the deductible temporary differences are recognized in deferred income tax assets to the extent that there is a high probability that future taxable income will be available for use. They shall be re-evaluated at each reporting date, and the relevant income tax benefit shall be reduced within the scope where it is not likely to be realized; or the original reduced amount shall be reversed within the scope where it is very likely that there will be sufficient taxable income.

The deferred income tax is measured at the tax rate when the temporary difference is expected to reverse, and is based on the statutory tax rate or substantive legislative tax rate at the reporting date.

The Company may only offset the deferred income tax assets and liabilities when the following conditions are met at the same time:

1. It has the legally enforceable right to offset the current income tax assets against current income tax liabilities; and
2. The deferred income tax assets and liabilities are related to one of the following taxpayers whose income tax is levied by the same tax authority:
 - (1) The same taxpayer; or
 - (2) Different taxpayers, but each subject intends to settle current income tax liabilities and assets on a net basis, or realize assets and settlement simultaneously, in each future period in which the significant amount of deferred income tax assets is expected to be recovered and deferred income tax liabilities are expected to be settled.

(XX) Business merger

The Company adopts the acquisition method for each business merger, and the goodwill is measured at the fair value of the consideration transferred on the acquisition date, including the amount attributable to any non-controlling interests in the acquiree, minus the net amount of identifiable assets acquired and assumed measured (usually fair value). If the balance after deduction is negative, the Company will reassess whether all acquired assets and all assumed liabilities have been correctly identified before recognizing the bargain purchase benefit in profit or loss.

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Except for those related to the issuance of debt or equity instruments, the transaction costs related to the business merger shall be recognized in expenses of the Company when incurred.

Among the non-controlling interests of the acquiree, if they belong to the current ownership interests and the holders are entitled to enjoy the net assets of the enterprise on a pro rata basis when the liquidation occurs, the Company chooses the fair value on the acquisition date or at the proportional share of the recognized amount of the net assets identifiable to the acquiree by the current ownership instrument on a transaction-by-transaction basis. Other non-controlling interests are measured at their fair value as of the date of acquisition or on other bases as prescribed by the International Financial Reporting Standards as endorsed by the FSC.

(XXI) Earnings Per Share

The Company presents basic and diluted earnings per share attributable to holders of ordinary shares of the Company. The basic earnings per share of the Company are the profit or loss attributable to the holders of ordinary shares of the Company, divided by the weighted average number of ordinary shares outstanding in the current period. Diluted earnings per share are calculated after adjusting for the effect of all potential diluted ordinary shares by the gain or loss attributable to holders of the Company's ordinary shares and the weighted average number of ordinary shares outstanding.

(XXII) Segment Information

The Company has disclosed department-specific information in the consolidated financial statement, so the parent company only financial statement does not disclose such information.

V. Significant Accounting Judgments, Estimates and Key Sources of Uncertainty over Assumptions

The Management must make judgments, estimates and assumptions in preparing the parent company only financial statement that will have an impact on the adoption of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed by management on an ongoing basis, and changes in accounting estimates are recognized in the period in which the change is made and in the affected future periods.

VI. Remarks on Material Accounts

(I) Cash and cash equivalents

	<u>2022.12.31</u>	<u>2021.12.31</u>
Petty cash	\$ 70	107
Bank deposits	102,946	291,098
Time deposits	<u>46,095</u>	<u>5,091</u>
	<u>\$ 149,111</u>	<u>296,296</u>

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For disclosure of interest rate risk and sensitivity analysis of the Company's financial assets and liabilities, please refer to Note 6 (29).

(II)	Financial assets at fair value through profit or loss - current		
		<u>2022.12.31</u>	<u>2021.12.31</u>
	Financial assets at fair value through profit or loss:		
	Non-derivative financial assets		
	Shares of TWSE/TPEX listed companies	\$ 3,297	59,587
	Fund Beneficiary Certificate	22,348	25,415
	Total	<u>\$ 25,645</u>	<u>85,002</u>

(III)	Financial assets at fair value through other comprehensive income - non-current		
		<u>2022.12.31</u>	<u>2021.12.31</u>
	Equity instruments measured at fair value through other comprehensive income:		
	Shares of domestic unlisted companies		-
	Ennova Technologies, Inc.	\$ 3,797	3,797
	EcoLumina Technologies, Inc.	-	-
	MicroLinks Technology Corp.	-	-
	Dajian Internet Technology Co., Ltd.	-	-
	Total	<u>\$ 3,797</u>	<u>3,797</u>

These equity instrument investments held by the Company are long-term strategic investments and are not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.

(IV)	Financial assets at amortized cost		
		<u>2022.12.31</u>	<u>2021.12.31</u>
	Liquid		
	Time deposits	\$ -	3,029
	Restricted bank deposits - current	61,460	671
		<u>\$ 61,460</u>	<u>3,700</u>
	Non-current		
	Restricted bank deposits - non-current	<u>\$ 437,152</u>	<u>393,710</u>

Please refer to Note 8 for the details of long-term and short-term borrowings and financing line guarantees on December 31, 2022 and 2021.

(V)	Notes receivable, accounts receivable and accounts receivable - related parties		
		<u>2022.12.31</u>	<u>2021.12.31</u>
	Notes receivable — arising from operations	\$ 955	46
	Accounts receivable	31,630	27,653
	Accounts receivable - related parties	17,804	114,389
	Less: Loss allowance	(212)	(212)
		<u>\$ 50,177</u>	<u>141,876</u>

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The Company adopts a simplified approach to estimate the expected credit losses for all notes and accounts receivable, that is, it is measured using the expected credit losses during the lifetime, and for this purpose, these notes and accounts receivable are grouped according to the common credit risk characteristics representing the ability of customer to pay all amounts due under the terms of contract, and the loss rate established by historical and realistic information for a specific period is considered forward-looking.

Analysis of expected credit losses of notes and accounts receivable of the Company is as follows:

	2022.12.31		
	Book amounts of notes receivable and accounts receivable	Weighted average expected credit loss ratio	Allowance lifetime expected credit losses
Not overdue	\$ 50,177	0%	-
Overdue for more than 121 days	<u>212</u>	100%	<u>212</u>
	<u>\$ 50,389</u>		<u>212</u>
	2021.12.31		
	Book amounts of notes receivable and accounts receivable	Weighted average expected credit loss ratio	Allowance lifetime expected credit losses
Not overdue	\$ 141,876	0%	-
Overdue for more than 121 days	<u>212</u>	100%	<u>212</u>
	<u>\$ 142,088</u>		<u>212</u>

The movements of the loss allowance for notes and accounts receivable of the Company are as follows:

	2022	2021
Beginning balance (i.e., ending balance)	<u>\$ 212</u>	<u>212</u>

On December 31, 2022 and 2021, no notes receivable and accounts receivable of the Company have been provided as collateral.

The Company enters into non-recourse accounts receivable sale agreements with financial institutions. Since the Company has transferred virtually all risks and rewards to the ownership of the accounts receivable and has no ongoing participation in them, it is eligible for the exclusion of financial assets. When accounts receivable claims are derecognized, claims against financial institutions are reported to other receivables. Information relating to the accounts receivable for sale that are not due as of the reporting date is as follows:

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

		<u>2022.12.31</u>					
<u>Subject to sale</u>	<u>Excluding amount</u>	<u>Amount still available in advance</u>	<u>Amount advanced</u>	<u>Amount transferred to other receivables</u>	<u>Interest Rate Range</u>	<u>Other Important Matters</u>	
Export-Import Bank of the Republic of China	\$ <u>7,753</u>	-	-	<u>7,753</u>	-	Note 1, Note 2, Note 3 and Note 4	
		<u>2021.12.31</u>					
<u>Subject to sale</u>	<u>Excluding amount</u>	<u>Amount still available in advance</u>	<u>Amount advanced</u>	<u>Amount transferred to other receivables</u>	<u>Interest Rate Range</u>	<u>Other Important Matters</u>	
Hua Nan Commercial Bank	\$ 13	-	-	13	-	Note 1, Note 2, Note 3 and Note 4	
Export-Import Bank of the Republic of China	<u>1,518</u>	-	-	<u>1,518</u>	-		
	<u>\$ 1,531</u>	-	-	<u>1,531</u>			

Note 1. Guarantee that the underwriting subject matter transferred is lawful and valid, and that no third party may claim any rights.

Note 2. Guarantee that none of the underwriting subject matter is subject to set-off, pledge or transfer prohibition, and the amount is determined as a receivable claim.

Note 3. Guarantee that the transactions of the sales contract, labor contract or other debt contracts are effected in a normal and lawful manner. And that there are in no sufficient grounds or defences to extinguish or impede the exercise of the rights of the financial institutions that undertake the acquisition to which the accounts receivable are addressed.

Note 4. Guarantee that there will be no control over the subordinate relationship or other improper commercial interests during the validity period of the current and future contracts to which the accounts receivable are addressed.

(VI) Other receivables and other receivables - related parties

	<u>2022.12.31</u>	<u>2021.12.31</u>
Other receivables		
Receivables from payment on behalf of others	\$ 163,792	147,455
Advances receivable	1,172	6,689
Business tax refund receivable	1,601	2,430
Sales receivables	7,753	1,531
Miscellaneous	1,482	187
Less: Loss allowance	(163,792)	(147,455)
	<u>\$ 12,008</u>	<u>10,837</u>
Other receivables - related parties		
Other receivables - capital loans to subsidiaries	\$ 20,028	-
Other receivables - others	104	42
	<u>\$ 20,132</u>	<u>42</u>

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

The movements of the loss allowance for other receivables of the Company in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 147,455	149,747
Foreign currency conversion gains and losses	16,337	(2,292)
Ending Balance	<u>\$ 163,792</u>	<u>147,455</u>

For other credit risk information, please refer to Note 6 (29).

(VII) Inventory

	<u>2022.12.31</u>	<u>2021.12.31</u>
Raw materials	\$ 91,866	78,633
Products in process	41,822	12,654
Finished products	6,119	68,672
Merchandise inventory	-	4,814
	<u>\$ 139,807</u>	<u>164,773</u>

Detailed statement of operating costs is as follow:

	<u>2022</u>	<u>2021</u>
Transfer of inventory sales	\$ 362,479	453,106
Loss on inventory write-down	17,486	-
Operating costs of solar power plant	8,836	8,713
Total	<u>\$ 388,801</u>	<u>461,819</u>

On December 31, 2022 and 2021, no inventory of the Company has been provided as collateral.

(VIII) Investment accounted for using equity method

The investments of the Company under the equity method on the reporting date are as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Subsidiary	\$ 555,642	457,804
Subsidiary - long-term investment loan balance	(1,397)	-
Associates	27,040	-
	<u>\$ 581,285</u>	<u>457,804</u>

1. Subsidiary

Please refer to the Consolidated Financial Statement for the year 2022.

2. Associates

In December 2021, the Board of Directors approved to invest in Hsia Ching Co., Ltd., and in January 2022, the Company invested NT\$ 27,000 and acquired 2,700,000 shares with a holding ratio of 20%.

Hsia Ching Co., Ltd. handled a cash capital increase of NT\$ 380,286 in July 2022. The Company did not subscribe according to the shareholding ratio, so the Company's shareholding ratio was reduced from 20% to 5.24%, and the Company still serves as a

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

director of Hsia Ching Co., Ltd.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

3. Guarantee

On December 31, 2022 and 2021, the Company's investments under the equity method are not provided as collateral.

(IX) Business merger

The Company acquires the following companies to develop its solar energy and energy storage related business.

Company Name	Major operating activities	Date of Acquisition	Acquisition Ratio	Transfer consideration fair value
VGwatt Energy Co., Ltd.	Design, manufacturing, construction and sales business of solar power plants	2022.12.09	51.00%	\$ 26,025
Tai Chuang Energy Co., Ltd.	Energy storage sales business	2022.12.23	100.00%	949

The main types of transfer consideration, assets acquired and liabilities assumed on the acquisition date and the amounts admitted are as follows:

1. The fair values of the major types of transfer consideration at the acquisition date are as follows:

2022:

	VGwatt Energy Co., Ltd.	Tai Chuang Energy Co., Ltd.
Transfer Consideration		
Cash	<u>\$ 26,025</u>	<u>949</u>

2. The fair value of identifiable net assets acquired and liabilities assumed:

	VGwatt Energy Co., Ltd.	Tai Chuang Energy Co., Ltd.
Cash and cash equivalents	\$ 24,977	936
Accounts receivable and other receivables	4,438	-
Inventory	21,103	-
Other current assets	3,798	-
Property, plant, and equipment	549	-
Other non-current assets	580	14
Contractual liabilities - current	(9,520)	-
Accounts payable and other payables	(7,050)	(1)
Current tax liabilities	(3,670)	-
Other current liabilities	(51)	-
Long-term loans	(8,233)	-
Total	<u>\$ 26,921</u>	<u>949</u>

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

3. Goodwill

The goodwill recognized as a result of the acquisition is as follows:

	<u>VGwatt Energy Co., Ltd.</u>	<u>Tai Chuang Energy Co., Ltd.</u>
Transfer Consideration	\$ 26,025	949
More: Non-controlling interest	26,921	-
Less: Fair value of identifiable net assets	<u>(52,946)</u>	<u>(949)</u>
	<u>\$ -</u>	<u>-</u>

(X) Change of ownership interest in subsidiaries

1. The changes in the Company's interest in subsidiaries in 2022 and 2021 transactions without changing control of subsidiaries are as follows:

The Company did not subscribe for the cash capital increase equity of Billion Watts Technologies Co., Ltd. in accordance with the shareholding ratio in May 2022, resulting in the shareholding ratio decreasing from 66.49% to 64.58%.

In September 2022, the shareholding ratio of the Company was reduced from 64.58% to 64.48% due to the disposal of its 0.1% shareholding in Billion Watts Technologies Co., Ltd.

The Company did not subscribe for the cash capital increase equity of Billion Watts Technologies Co., Ltd. in accordance with the shareholding ratio in October 2022, resulting in the shareholding ratio decreasing from 64.48% to 60.26%.

In February 2021, the shareholding ratio of the Company decreased from 71.82% to 66.49% due to the Company's failure to subscribe for the cash capital increase option of Billion Watts Technologies Co., Ltd. according to the shareholding ratio and the recognition of cash capital increase new shares of Billion Watts Technologies Co., Ltd. by the subsidiaries' employees.

(XI) Loss of control over subsidiary

The Company signed an equity transfer contract with Hou Ju Energy Technology Corporation in September 2022 and the transfer was completed on October 3, 2022. The Company sold all the equity of its subsidiary Shengqun Energy Storage Technology Co., Ltd. for NT\$ 23,452 thousand, and lost control over Shengqun after the delivery date.

On July 22, 2021, the Company signed an agreement to dispose of (Hong Kong) EG-Billion Co., Ltd., and the Company completed the disposal in August 2021 and lost control over this subsidiary.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

1. Consideration received

	<u>2022</u>	<u>2021</u>
	<u>Billion Energy Storage Technologies Co., Ltd.</u>	<u>(Hong Kong) EG-Billion Co., Ltd.</u>
Cash and cash equivalents	\$ 23,452	267,768

2. Assets and liabilities out of control

	<u>Billion Energy Storage Technologies Co., Ltd.</u>	<u>(Hong Kong) EG- Billion Co., Ltd.</u>
Net assets disposed	\$ 1,286	157,873

3. Profit from disposal of subsidiary

	<u>Billion Energy Storage Technologies Co., Ltd.</u>	<u>(Hong Kong) EG- Billion Co., Ltd.</u>
Consideration received	\$ 23,452	267,768
Net assets disposed	(1,286)	(157,873)
Cumulative exchange difference of reclassification of net assets of subsidiaries from equity to profit or loss due to loss of control over subsidiary	-	(46,149)
Profit from disposal of subsidiary	<u>\$ 22,166</u>	<u>63,746</u>

4. Net cash inflow from disposal of subsidiary

	<u>Billion Energy Storage Technologies Co., Ltd.</u>	<u>(Hong Kong) EG- Billion Co., Ltd.</u>
Consideration received in cash	\$ 23,452	267,768
Less: The disposal of investment funds has been received in advance	-	(182,902)
Less: Cash disposed of and cash in exchange	(155)	-
	<u>\$ 23,297</u>	<u>84,866</u>

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

(XII) Property, plant, and equipment

Changes in cost and depreciation of the Company's property, plant and equipment are detailed as follows:

	Land	Building	Machinery and equipment	Transportation facilities	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Costs:								
Balance on January 1, 2022	\$ 185,820	104,225	166,904	3,576	24,176	73,492	-	558,193
Addition	-	1,675	6,881	-	1,412	22,347	14,661	46,976
Reclassification	-	(119)	-	-	1,031	11,658	-	12,570
Disposal	-	-	(82,137)	-	(904)	(512)	-	(83,553)
Balance as of December 31, 2022	\$ 185,820	105,781	91,648	3,576	25,715	106,985	14,661	534,186
Balance on January 1, 2021	\$ 180,823	105,351	166,859	4,431	24,175	45,871	-	527,510
Addition	-	-	2,994	-	489	28,407	-	31,890
Reclassification	4,997	(1,126)	-	-	-	-	-	3,871
Disposal	-	-	(2,949)	(855)	(488)	(786)	-	(5,078)
Balance as of December 31, 2021	\$ 185,820	104,225	166,904	3,576	24,176	73,492	-	558,193
Depreciation:								
Balance on January 1, 2022	\$ -	44,357	50,710	3,576	22,332	43,618	-	164,593
Current Depreciation	-	2,718	4,675	-	766	6,434	-	14,593
Disposal	-	-	(15,450)	-	(904)	(512)	-	(16,866)
Balance as of December 31, 2022	\$ -	47,075	39,935	3,576	22,194	49,540	-	162,320
Balance on January 1, 2021	\$ -	42,131	46,279	4,431	22,162	41,301	-	156,304
Current Depreciation	-	2,111	7,380	-	658	3,103	-	13,252
Reclassification	-	115	-	-	-	-	-	-
Disposal	-	-	(2,949)	(855)	(488)	(786)	-	(5,078)
Balance as of December 31, 2021	\$ -	44,357	50,710	3,576	22,332	43,618	-	164,593
Book value:								
December 31, 2022	\$ 185,820	58,706	51,713	-	3,521	57,445	14,661	371,866
December 31, 2021	\$ 185,820	59,868	116,194	-	1,844	29,874	-	393,600

Please refer to Note 8 for the details of long-term borrowings and financing line guarantees on December 31, 2022 and 2021.

(XIII) Right-of-use assets

Changes in the cost and depreciation of land, housing and building, and transport equipment leased by the Company are as follows:

	Land	Housing and building	Transportation facilities	Total
Costs of right-of-use assets:				
Balance on January 1, 2022	\$ -	62,715	5,351	68,066
Addition	-	5,714	305	6,019
Decrease	-	(8,459)	(1,562)	(10,021)
Balance as of December 31, 2022	\$ 5,714	54,561	3,789	64,064
Balance on January 1, 2021	\$ -	19,591	3,011	22,602
Addition	-	43,124	2,340	45,464
Decrease	-	-	-	-

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Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

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	Land	Housing and building	Transportation facilities	Total
Balance as of December 31, 2021	\$ -	62,715	5,351	68,066
Depreciation of right-of-use assets:				
Balance on January 1, 2022	\$ -	8,094	2,015	10,109
Current Depreciation	406	4,971	1,111	6,488
Current Decrease	-	(1,486)	(1,562)	(3,048)
Balance as of December 31, 2022	\$ 406	11,579	1,564	13,549
Balance on January 1, 2021	\$ -	2,954	833	3,787
Current Depreciation	-	5,140	1,182	6,322
Balance as of December 31, 2021	\$ -	8,094	2,015	10,109
Book value:				
December 31, 2022	\$ 5,308	42,982	2,225	50,515
December 31, 2021	\$ -	54,621	3,336	57,957

(XIV) Investment property

Investment property includes land, houses and buildings held by the Company. The lease period of investment property under lease is from two to five years and the lessees do not have a preferential purchase right at the expiration of the lease period.

	Land	Housing and building	Total
Costs or deemed costs:			
Balance on January 1, 2022	\$ 43,393	25,015	68,408
Reclassification roll-in	-	119	119
Balance as of December 31, 2022	\$ 43,393	25,134	68,527
Balance on January 1, 2021	\$ 48,390	23,889	72,279
Reclassification roll-in	-	1,126	1,126
Reclassification roll-out	(4,997)	-	(4,997)
Balance as of December 31, 2021	\$ 43,393	25,015	68,408
Depreciation:			
Balance on January 1, 2022	\$ -	7,399	7,399
Current year depreciation	-	448	448
Balance as of December 31, 2022	\$ -	7,847	7,847
Balance on January 1, 2021	\$ -	7,009	7,009
Current year depreciation	-	505	505
Reclassification	-	(115)	(115)
Balance as of December 31, 2021	\$ -	7,399	7,399

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Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

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	<u>Land</u>	<u>Housing and building</u>	<u>Total</u>
Book amount:			
December 31, 2022	<u>\$ 43,393</u>	<u>17,287</u>	<u>60,680</u>
December 31, 2021	<u>\$ 43,393</u>	<u>17,616</u>	<u>61,009</u>
Fair value:			
December 31, 2022			<u>\$ 90,254</u>
December 31, 2021			<u>\$ 91,006</u>

The fair value of investment properties has not been evaluated by independent evaluators, and is only evaluated by the management of the Company with reference to the existing lease contracts and the market evidence of the transaction price of neighbouring similar property.

As of December 31, 2022 and 2021, the above investment property has been provided as a guarantee for the financing line. Please refer to Note 8 for details.

(XV) Other current assets and other non-current assets

Other current and non-current assets of the Company are detailed as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Liquid		
Prepayment	\$ 14,910	17,165
Prepaid fees	6,005	6,670
Overpaid tax retained for offsetting future tax payable	2,545	-
Miscellaneous	875	-
Total	<u>\$ 24,335</u>	<u>23,835</u>
Non-current		
Prepaid equipment	\$ 10,596	19,933
Refundable deposits	12,361	5,534
Long-term prepaid fees	171	885
Miscellaneous	-	1,541
Total	<u>\$ 23,128</u>	<u>27,893</u>

(XVI) Short-term loans

The short-term loans of the Company are detailed as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Secured bank loans	<u>\$ 217,000</u>	<u>299,000</u>
Unused limit	<u>\$ 335,000</u>	<u>222,000</u>
Interest Rate Range	<u>1.78%-1.935%</u>	<u>1.33%-1.35%</u>

Please refer to Note 8 for details of the Company's pledge of assets for bank loans.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

(XVII) Long-term loans

	2022.12.31			
	Currency	Interest Rate	Maturity year	Amount
		Range (%)		
Secured bank loans	NTD	2.18%~4.03%	114-117	\$ 58,124
No secured bank loans	NTD	2.175%	118	22,000
Less: Part due within one year				<u>(23,483)</u>
Total				<u>\$ 56,641</u>
Unused limit				<u>\$ -</u>

	2021.12.31			
	Currency	Interest Rate	Maturity year	Amount
		Range (%)		
Secured bank loans	NTD	1.72%~1.85%	117-124	\$ 59,844
Less: Part due within one year				<u>(4,657)</u>
Total				<u>\$ 55,187</u>
Unused limit				<u>\$ 6,300</u>

Please refer to Note 8 for details of the Company's pledge of assets for bank loans.

(XVIII) Lease liabilities

The book amounts of the Company's lease liabilities are as follows:

	2022.12.31	2021.12.31
Liquid	<u>\$ 5,783</u>	<u>5,443</u>
Non-current	<u>\$ 44,929</u>	<u>52,225</u>

For maturity analysis, please refer to Note 6 (29) Financial Instruments.

The amounts recognized to profit and loss are as follows:

	2022	2021
Interest expense on lease liabilities	<u>\$ 1,105</u>	<u>558</u>
Changes in lease not included in the measurement of lease liabilities	<u>\$ 490</u>	<u>675</u>
Short-term rental expense	<u>\$ 96</u>	<u>151</u>
Charges on low-value leasehold assets (excluding low-value leases on short-term leases)	<u>\$ 66</u>	<u>178</u>

The amounts recognized in the cash flow statement are as follows:

	2022	2021
Total cash outflows from leases	<u>\$ 7,915</u>	<u>8,005</u>

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

1. Rental of housing and building and transport equipment

The Company leases the land for energy storage project, and the lease period is ten years and six months.

The Company leases houses and building roofs for the construction of solar power plants for a period of twenty years.

The Company leases houses, buildings and transportation equipment for general operating activities, usually for a period of two to ten years.

2. Other leases

The Company leases office equipment, etc., and such leases are short-term and low-value leases. The Company chooses to apply the exemption recognition provisions instead of recognizing the relevant right-of-use assets and lease liabilities.

(XIX) Provision for liabilities - current

	<u>2022.12.31</u>	<u>2021.12.31</u>
Subsidy for equity transaction	<u>\$ 9,585</u>	<u>9,426</u>

Due to operational needs and for the purpose of revitalizing asset utilization, on August 3, 2017, the Board of Directors approved the resolution for the Company to sell 70% of its shares in EG-Billion Electronics (Dongguan) Co., Ltd. to HCR Technology (Hong Kong) Ltd. The equity disposal transaction was completed in November 2018, except that EG-Billion Electronics (Dongguan) Co., Ltd. was still in negotiations with Shizuo Town Industrial Development Co., Ltd. over the integrated service fees.

In December 2019, (Hong Kong) EG-Billion Co., Ltd. and HCR Technology (Hong Kong) Ltd. reached a supplementary agreement on the contents of the above agreement. The maximum amount of the above compensation shall not exceed RMB 2,170 thousand. The disposal of (Hong Kong) EG-Billion Co., Ltd. was completed in August 2021, so the change for equity transactions is borne by the Company.

(XX) Employee benefits

1. Defined Benefit Plans

The adjustment between the present value of welfare obligations and the fair value of plan assets determined by the Company is as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Present value of defined benefit obligations	\$ 38,773	40,812
Fair value of plan assets	<u>(22,133)</u>	<u>(18,991)</u>
Net defined benefit liabilities	<u>\$ 16,640</u>	<u>21,821</u>

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

(1) Plan assets composition

The pension funds allocated by the Company under the Labor Standard Method shall be under the overall management of the Labor Fund Utilization Bureau of the Ministry of Labor (Labor Fund Bureau). According to the "Measures for the Preservation and Utilization of the Income and Expenditure of the Labor Pension Fund", the minimum return of the annual distribution of the final accounts of the fund shall not be less than the return calculated on the two-year fixed deposit rate of the local bank.

As of the reported date, the balance of the special account of the Bank of Taiwan for labor retirement reserve of the Company is NT\$ 22,135. For information on the asset management of the Labour Pension Fund, including the fund yield and fund asset allocation, please refer to the website of the Labor Fund Utilization Bureau of the Ministry of Labour.

(2) Changes in present value of defined benefit obligations

The present value changes of the Company's benefit obligations in 2022 and 2021 are determined as follows:

	<u>2022</u>	<u>2021</u>
The present value of the benefit obligation is determined as of January 1	\$ 40,812	41,765
Current service cost and interest	462	412
Long-service bonuses	9	35
Net defined benefit liability rereasure		
- Actuarial losses arising from changes in financial assumptions	(3,370)	(313)
- Actuarial loss adjusted by experience	885	(1,012)
Benefits to be paid	(25)	(75)
The present value of the benefit obligation is determined as of December 31	<u>\$ 38,773</u>	<u>40,812</u>

(3) Changes in fair value of plan assets

The changes in the fair value of the assets of the Company's defined benefit plan for 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets as of January 1	\$ 18,991	18,364
Interest income	111	81
Net defined benefit liability rereasure		
- Return on planned assets (excluding current interest)	1,493	288
Amount already allocated to the plan	1,538	258
Fair value of plan assets as of December 31	<u>\$ 22,133</u>	<u>18,991</u>

(4) Expenses recognized as profit or loss

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

Costs and expenses reported by the Company for 2022 and 2021 are detailed as follows:

	<u>2022</u>	<u>2021</u>
Current service cost	\$ 227	229
Net interest on net defined benefit liabilities	124	102
	<u>\$ 351</u>	<u>331</u>
Operating costs	\$ 50	42
Sales expenses	46	55
Administrative expenses	71	65
Research and development expenses	184	169
	<u>\$ 351</u>	<u>331</u>

- (5) Remeasurement of net definable benefit liabilities admitted as other comprehensive gains and losses

The cumulative pre-tax remeasurement of the Company's net defined benefit liabilities to other comprehensive income and loss is as follows:

	<u>2022</u>	<u>2021</u>
Accumulated balance as of January 1	\$ 11,026	9,413
Recognized in the current period	3,978	1,613
Accumulated balance as of December 31	<u>\$ 15,004</u>	<u>11,026</u>

- (6) Actuarial assumptions

The significant actuarial assumptions used by the Company to determine the present value of its benefit obligations at the close of financial reporting date are as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Discount rate	1.56%	0.58%
Rate of future wage increases	1.50%	1.50%

The Company expects to make a provision of NT\$ 1,549 to the defined benefit plan for one year after the reporting date of 2022.

The weighted average duration of defined benefit plans was 8.9 years.

- (7) Sensitivity Analysis

The impact of changes in the major actuarial assumptions applicable on December 31, 2022 and 2021 on the determination of the present value of benefit obligations is as follows:

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

	Implications for determining the present value of welfare obligations	
	Assumed reduction	Assumed addition
December 31, 2022		
Discount rate (change 0.50%)	\$ 1,634	(1,736)
Future salary (change 0.50%)	(1,626)	1,711
December 31, 2021		
Discount rate (change 0.50%)	2,085	(1,950)
Future salary (change 0.50%)	(1,925)	2,036

The above sensitivity analysis is based on the analysis of the effect of changes in a single hypothesis when other hypotheses remain constant. In practice, many assumptions may change in tandem. The sensitivity analysis is consistent with the method used to calculate the net defined benefit liability of the balance sheet.

The methods and assumptions used in the preparation of sensitivity analysis in this period are the same as in the previous period.

2. Defined contribution plans

The defined contribution plan of the Company shall be made to the employees' pension Individual account of the Labour Insurance Bureau at the rate of 6% of the employees' monthly wages as stipulated in the employees' Pension Ordinance. There is no statutory or constructive obligation to pay any additional amount after the amount drawn by the Company under this plan has been paid to the Bureau of Labour Insurance.

The pension expenses under the Company's determinate Pension Scheme for 2022 and 2021 are NT\$ 4,735 and NT\$ 4,850 respectively, which have been allocated to the Labour Insurance Bureau.

(XXI) Income tax

1. Income tax expense

The Company's 2022 and 2021 income tax expense is detailed as follows:

	2022	2021
Current income tax expense		
Generated in the current period	\$ 7,343	26,719
Adjust the current income tax of the previous period	(509)	(131)
	<u>6,834</u>	<u>26,588</u>
Deferred income tax		
Occurrence and reversal of temporary differences	(2,326)	(8,128)
Income tax expense	<u>\$ 4,508</u>	<u>18,460</u>

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

The income tax benefit (expense) of the Company for 2022 and 2021 as recognized under other comprehensive income and loss is as follows:

	<u>2022</u>	<u>2021</u>
Items not classified to profit or loss:		
Re-measurement of defined benefit plan	<u>\$ (796)</u>	<u>(323)</u>
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translating the financial statements of foreign operations	<u>\$ (4,570)</u>	<u>(8,115)</u>

Adjustment of the relationship between income tax expense and pre-tax net profit of the Company in 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Net profit before tax	<u>\$ 44,413</u>	<u>45,464</u>
Income tax based on the domestic tax rate of the Company's location	\$ 8,883	9,093
The return of overseas funds to Taiwan is subject to separate taxation	(160)	-
Non-deductible expenses	-	1,130
Income exemption	(3,912)	(4,790)
Capital gains tax on indirect equity transfer	-	14,158
Changes in temporary differences not recognized	-	(1,000)
Early overvaluation	(509)	(131)
Additional income tax on undistributed earnings	206	-
Income tax expense	<u>\$ 4,508</u>	<u>18,460</u>

2. Deferred income tax assets and liabilities

(1) Deferred income tax assets are not recognized

	<u>2022</u>	<u>2021</u>
Deductible temporary difference		
Expected credit impairment losses	\$ 159,960	159,960
Impairment losses	13,234	13,234
	<u>\$ 173,194</u>	<u>173,194</u>

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

(2) Recognized deferred tax assets and liabilities

Changes in deferred tax assets and liabilities for 2022 and 2021 are as follows:

Deferred income tax assets:

	2022			
	Beginning balance	Debit/credit income statement	Debit/credit in other comprehensive income statements	Ending Balance
Defined retirement benefit plan	\$ 4,446	(237)	(796)	3,413
Exchange differences on translating the financial statements of foreign operations	4,351	-	(4,351)	-
Unrealized gross margin	4,243	927	-	5,170
Loss on inventory write-down	2,609	3,498	-	6,107
Unrealized loss on exchange	550	(550)	-	-
	<u>\$ 16,199</u>	<u>3,638</u>	<u>(5,147)</u>	<u>14,690</u>

	2021				
	Beginning balance	Debit/credit income statement	Debit/credit in other comprehensive income statements	Miscellaneous	Ending Balance
Defined retirement benefit plan	\$ 4,755	14	(323)	-	4,446
Exchange differences on translating the financial statements of foreign operations	11,900	-	(8,115)	566	4,351
Unrealized gross margin	3,970	273	-	-	4,243
Loss on inventory write-down	2,609	-	-	-	2,609
Unrealized loss on exchange	1,240	(690)	-	-	550
Unrealized loss on financial instruments	47	(47)	-	-	-
Loss deduction	26,638	(26,638)	-	-	-
	<u>\$ 51,159</u>	<u>(27,088)</u>	<u>(8,438)</u>	<u>566</u>	<u>16,199</u>

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

Deferred income tax liabilities:

	2022			
	<u>Beginning balance</u>	<u>Debit/credit income statement</u>	<u>Debit/credit in other comprehensive income statements</u>	<u>Ending Balance</u>
Income from foreign investment	\$ 28,246	460	-	28,706
Exchange differences on translating the financial statements of foreign operations	-	-	219	219
Unrealized gain on exchange	-	852	-	852
	<u>\$ 28,246</u>	<u>1,312</u>	<u>219</u>	<u>29,777</u>

	2021			
	<u>Beginning balance</u>	<u>Debit/credit income statement</u>	<u>Debit/credit in other comprehensive income statements</u>	<u>Ending Balance</u>
Income from foreign investment	<u>\$ 63,462</u>	<u>(35,216)</u>	<u>-</u>	<u>28,246</u>

3. Income Tax Approval

The income tax settlement declaration of the Company's profit-making business has been approved by the tax collecting authority until 2020.

(XXII) Capital and other equity

1. Issue of common stock

On December 31, 2022 and 2021, the total rated capital stock of the Company is NT\$ 1,500,000 and 12,350,000 shares are reserved for the use of certificates of interest at NT\$ 10 each for 150,000,000 shares. The aforementioned total rated capital stock includes 99,697 thousand and 98,856 thousand ordinary shares issued respectively. All issued shares have been received.

In 2022, the Company will issue 962,000 new shares at par value due to the exercise of the employee stock warrants, with a total amount of NT\$9,615, of which 841,000 shares have completed the legal registration procedures, and all the shares issued have been collected.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

2. Capital surplus

The balance of the Company's capital reserve is as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Premium on issuance of shares	\$ 245,628	240,271
Treasury share transactions	5,929	5,929
Treasury share transactions (transfer of employee stock options)	18,851	18,839
Difference between actual acquisition or disposal of equity interest in a subsidiary and its carrying value	21,747	21,700
Recognition of changes in all equity in subsidiaries	2,336	-
The number of changes in the net equity value of subsidiaries and associates	32	-
Consolidated overdraft	8,173	8,173
Employee stock options	3,853	4,487
Income received from gifts	<u>1,890</u>	<u>1,890</u>
	<u>\$ 308,439</u>	<u>301,289</u>

According to the Company Law, after the capital reserve is required to cover the loss preferentially, the realized capital reserve may be issued to new shares or cash in proportion to the original shares of the shareholders. The realized capital reserve referred to in the preceding paragraph includes the excess from issuing shares in excess of par value and the income from receiving gifts. In accordance with the guidelines for the treatment of issuers' offering and issuance of marketable securities, the total amount of the capital reserve appropriated for replenishment shall not exceed 10% of the paid-in capital.

3. Retained earnings

According to the Articles of Incorporation of the Company, after paying all taxes and dues according to law and making up for accumulated losses, 10% of the remaining profit of the Company after annual closing of the books shall be appropriated as the legal surplus reserve; where such legal surplus reserve amounts to the total paid-in capital of the Company, this provision shall not apply; the remainder shall be used to appropriate or reverse the special surplus reserve. If there is still remaining balance, the board of directors shall draw up an earnings distribution proposal on the balance and the accumulated undistributed earnings, and submit it to the shareholders' meeting.

The Company's dividend policy, in line with the current and future development plan, the investment environment, capital needs and domestic and foreign competition, and taking into account the shareholders' interests and other factors, is that the annual allocation of distributable earnings shall not be less than 10% of the distribution of shareholders' dividends, except that when the accumulated distributable earnings is less than 5% of the paid-in share capital, it may not be distributed; at the time of distribution of shareholders' dividends, the proportion of cash dividends in the

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

shareholders' dividends distributed in the current year shall be not less than 5% of the total annual distribution of dividends, and the remaining cash dividends shall be distributed in the form of share dividends, but the actual distribution ratio shall be adjusted according to the actual profit and operating conditions of the current year.

(1) Legal surplus reserve

If the Company has no losses, it may, by resolution of the shareholders' meeting, issue new shares or cash out of the statutory surplus, provided that the surplus exceeds 25% of the paid-in capital.

(2) Special surplus reserves

When the Company first adopted IFRs approved by the Financial Regulatory Commission, the unrealised revaluation appreciation under shareholders' equity, the cumulative conversion adjustment (interest) and the classification of the assets in the accounts as "investment real estate" on the conversion date due to the selection of the exempted items under IFRS No. 1 "First Adoption of IFRS", If the fair value of the conversion date is taken as the recognized cost to increase the retained surplus, the same amount of special surplus reserve may be set aside in accordance with the Financial Regulatory Commission's Order No. 1010012865 issued on April 6, 2012, and surplus may be redistributed in proportion to the original special surplus reserve when the relevant assets are used, disposed of or reclassified.

In accordance with the regulations of the Financial Regulatory Commission, when distributing distributable surplus, the Company shall set aside a special surplus reserve from the current profit and loss and the undistributed surplus of the previous period for the net deduction of other shareholders' equity in the accounts of the current year; The amount of other shareholders' equity deduction accumulated in the previous period shall not be distributed the special surplus reserve of the same amount drawn from the undistributed surplus of the previous period. If there is any subsequent reversal of the amount of other shareholders' equity reduction, the surplus may be distributed in the reversal.

(3) Earnings Distribution

No dividend will be distributed to owners in the earnings distributions of the year 2021 and 2020 as approved by the Annual Shareholders' Meeting on June 9, 2022 and August 20, 2021 respectively.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

4. Treasury shares

The changes of the Company's Treasury shares in 2022 and 2021 are detailed as follows:

	2022		2021	
	Transfer of shares to employees (thousand shares)	Transfer of shares to employees (thousand NTD)	Transfer of shares to employees (thousand shares)	Transfer of shares to employees (thousand NTD)
Beginning balance	1,038	\$ 23,017	100	2,145
Repurchase in the current year	168	3,181	1,900	39,169
Transferred to Group's employees in the current year	(15)	(285)	(962)	(18,297)
Ending Balance	1,191	\$ 25,913	1,038	23,017

The number of uncanceled Treasury shares of the Company on December 31, 2022 and 2021 is 1,191,000 and 1,038,000, respectively. The Treasury shares held by the Company shall not be pledged in accordance with the provisions of the Securities Exchange Law, and shall not enjoy the rights of shareholders before transfer.

5. Other equity (net of tax)

	Exchange differences on translating the financial statements of foreign operations	Unrealized appraisal gains and losses on financial assets measured at fair value through other comprehensive gains and losses	Total
January 1, 2022	\$ (24,358)	(41,492)	(65,850)
The exchange difference resulting from the conversion of the net assets of the foreign operating institution	18,278	-	18,278
Balance as of December 31, 2022	\$ (6,080)	(41,492)	(47,572)
January 1, 2021	\$ (58,963)	(41,492)	(100,455)
The exchange difference resulting from the conversion of the net assets of the foreign operating institution	(12,656)	-	(12,656)
Share of the conversion difference between associates using the equity method	1,112	-	1,112
Dispose of foreign operating institutions	46,149	-	46,149
Balance as of December 31, 2021	\$ (24,358)	(41,492)	(65,850)

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

(XXIII) Share-based payment

As of December 31, 2022, the Company had the following three share base payment transactions:

	First employee stock option	Second employee stock option	Third employee stock option
Grant date	2020.08	2021.03	2021.06
Grant quantity	2,559	130	111
Execution price (NTD)	12.6	23.45	22.65
Contract Period	5 years	5 years	5 years
Vesting Conditions	At the end of two years, according to the specific schedule and proportion	At the end of two years, according to the specific schedule and proportion	At the end of two years, according to the specific schedule and proportion

1. Measurement parameters of fair value at the date of grant

The Company adopts the option evaluation model to estimate the fair value of employee stock options at the date of grant, the assumptions and fair value are summarized as follows:

	First employee stock option	Second employee stock option	Third employee stock option
Stock price on date of granting	\$ 12.60	23.45	22.65
Execution price	12.60	23.45	22.65
Expected volatility	39.54%	50.02%	52.06%
Expected duration (years)	3.5~4.5	3.5~4.5	3.5~4.5
Expected dividend rate	- %	- %	- %
Risk-free interest rate	0.5130%	0.0970%	0.1320%

2. Information about the employee stock option plan

(in thousand of units)

	2022		2021	
	Weighted average performance price (NTD)	Number of warrants	Weighted average performance price (NTD)	Number of warrants
Shares outstanding as of January 1	\$ 13.49	2,086	12.60	2,049
Amount granted in the current period	-	-	16.44	185
Amount lost in the current period	12.60	(95)	17.33	(148)
Amount executed in the current period	12.60	(768)	-	-
Transferred within the Group in the current period	13.97	(189)	-	-
Shares outstanding as of December 31	13.51	1,034	13.18	2,086
Executable quantity as of December 31	12.60	97	-	-

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

The Company's outstanding stock options are as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Execution price range (NTD)	\$12.60~\$23.45	\$12.60~\$23.45
Weighted average remaining contract period (years)	2.61~3.47	3.61~4.47

3. Employee expenses

	<u>2022</u>	<u>2021</u>
Expenses incurred due to employee warrants	<u>\$ 1,406</u>	<u>2,716</u>

On December 31, 2022 and 2021, the transfer of treasury shares based on the Company's share payment by employees is as follows:

1. Measurement parameters of fair value at the date of grant

	<u>2022</u>	<u>2021</u>
Stock price on date of granting	\$ 19.10	21.30
Execution price	\$ 19.02	19.02
Expected volatility	42.370%	42.564%
Expected duration	0.05 to 0.53 years	22 days
Risk-free interest rate	1.220%	0.132%

2. Information on transfer of treasury shares

The Company transferred 40,000 and 962,000 treasury shares to employees of the Group in 2022 and 2021 respectively, of which 40 thousand and 835 thousand treasury shares were transferred to employees of the Company.

	<u>2022</u>		<u>2021</u>	
	Weighted average exercise price	Number of shares (thousands)	Weighted average exercise price	Number of shares (thousands)
Shares outstanding as of January 1	\$ -	-	-	-
Amount granted in the current period	19.02	40	19.02	835
Amount executed in the current period	19.02	(15)	19.02	(835)
Shares outstanding as of December 31	19.02	<u>25</u>	19.02	<u>-</u>
Executable quantity as of December 31		<u>25</u>		<u>-</u>

The weighted average share price of treasury stocks transferred by the Company in 2022 and 2021 was NT\$ 1.81 and NT\$ 2.43, respectively.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

3. The expenses incurred by the Company in 2022 and 2021 due to the transfer of treasury shares paid on a share basis were NT\$ 73 and NT\$ 2,029, respectively.

Billion Watts Technologies Co., Ltd., a subsidiary of the Company, issued 700 employee share options by resolution of the Board of Directors in October 2022. Each unit of warrant is eligible for subscription of 1,000 common shares, and the target is limited to full-time regular employees of the Company and the companies of which the Company directly or indirectly hold more than 50% of the shares on the base date of subscription qualification.

In 2022, 700 units were fully executed with a weighted average execution price of NT\$ 23, and the cost incurred due to the share-based payment was NT\$ 432.

Billion Watts Technologies Co., Ltd., a subsidiary of the Company, completed the cash capital increase in February 2021 and reserved the shares for the Company and its own employees to subscribe for the special shares for cash capital increase. In 2021, the recognized expenses for share-based payments were NT\$ 613.

(XXIV) Earnings Per Share

The Company's basic and diluted earnings per share are calculated as follows:

1. Basic earnings per share

- (1) Net income attributable to holders of common equity of the Company

	<u>2022</u>	<u>2021</u>
Net income attributable to the Company for the period	<u>\$ 39,905</u>	<u>27,004</u>

- (2) Weighted average number of common shares outstanding

	Unit: thousands	
	<u>2022</u>	<u>2021</u>
Weighted average number of common shares outstanding	<u>\$ 98,038</u>	<u>97,568</u>

2. Diluted earnings per share

- (1) Net income attributable to holders of common equity of the Company (Diluted)

	<u>2022</u>	<u>2021</u>
Net income attributable to holders of common equity of the Company (Diluted)	<u>\$ 39,905</u>	<u>27,004</u>

- (2) Weighted average number of common shares outstanding (Diluted)

	Unit: thousands	
	<u>2022</u>	<u>2021</u>
Weighted average number of common shares outstanding (Basic)	98,038	97,568
Effect of dilutive potential common shares		
Effect of employee stock options	580	937
Effect of employee stock compensation	99	113
Weighted average number of common shares outstanding (Diluted)	<u>98,717</u>	<u>98,618</u>

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

	<u>2022</u>	<u>2021</u>
Basic earnings per share	\$ 0.41	0.28
Diluted earnings per share	\$ 0.40	0.27

(XXV) Revenue from customer contracts

1. Subdivision of income

	<u>2022</u>	<u>2021</u>
Key regional markets:		
Taiwan	\$ 148,265	142,410
Americas	231,414	331,380
Other countries	101,067	104,909
	<u>\$ 480,746</u>	<u>578,699</u>
Key products:		
Product sales revenue		
Power plant equipment	\$ 9,253	56,733
Communication electronic equipment	249,165	362,076
Power Supply Products	206,152	141,682
Revenue from sale of electricity	16,176	18,208
	<u>\$ 480,746</u>	<u>578,699</u>

2. Contract balance

	<u>2022.12.31</u>	<u>2021.12.31</u>	<u>2021.1.1</u>
Notes receivable	\$ 955	46	22
Accounts receivable	31,630	27,653	49,657
Accounts receivable — related parties	17,804	114,389	98,228
Less: Loss allowance	(212)	(212)	(212)
	<u>\$ 50,177</u>	<u>141,876</u>	<u>147,695</u>
Contract performance costs	\$ 55,704	-	-
Contractual liabilities	<u>\$ 23,613</u>	<u>28,340</u>	<u>8,735</u>

Please refer to Note 6 (5) for detailed disclosure of notes and accounts receivable and their impairments.

Contractual liabilities are primarily derived from proceeds received on product sales contracts, which the Company will carry forward when products are delivered to customers.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

(XXVI) Remuneration to employees and directors

In accordance with the Articles of Incorporation of the Company, if there is any profit in a year, the compensation of employees and directors shall be set aside at a rate of no less than 2% and no more than 3% respectively according to the pre-tax profit of the year before deducting the compensation of employees and directors. However, if the Company still has accumulated losses, it shall reserve the compensatory amount in advance. To whom stock or cash is paid, including employees of affiliated companies who meet certain conditions.

The estimated compensation for employees of the Company in 2022 and 2021 is NT\$ 2,500 and NT\$ 2,577 respectively, and the estimated compensation for directors is NT\$ 360 and NT\$ 486 respectively, based on the amount of the Company's net profit before tax deducting employee and director compensation for each period multiplied by the allocation of employee and director compensation as stipulated in the Articles of Incorporation. Operating expenses for 2022 and 2021 are reported side by side. The employee and director compensation as determined by the foregoing Board of Directors does not differ from the estimated amount in the Company's parent company only financial statement for the years 2022 and 2021, and relevant information is available on the Open Information Observatory.

(XXVII) Net amount of other income and expenses

Other net income and expense details of the Company for 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Gains from disposal of property, plant and equipment	\$ 16,895	105
Lease modification loss	(156)	-
	<u>\$ 16,739</u>	<u>105</u>

(XXVIII) Non-operating revenue and expenses

1. Interest income

The Company's interest income in 2022 and 2021 are detailed as follows:

	<u>2022</u>	<u>2021</u>
Bank interest	\$ 5,607	2,050
Other interest income	279	1,659
	<u>\$ 5,886</u>	<u>3,709</u>

2. Other income

The Company's other income in 2022 and 2021 are detailed as follows:

	<u>2022</u>	<u>2021</u>
Rental income	\$ 6,355	4,981
Dividend income	2,287	2,273
Client compensation income	1,852	5,476
Other income	7,614	6,688
	<u>\$ 18,108</u>	<u>19,418</u>

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

3. Other gains and losses

The Company's other benefits (losses) in 2022 and 2021 are detailed as follows:

	<u>2022</u>	<u>2021</u>
Disposal of investment interests	\$ 22,166	63,404
Gains (loss) on foreign currency exchange	65,146	(7,531)
Gain (loss) on financial assets at fair value through profit or loss	(16,393)	842
Miscellaneous	(448)	(505)
	<u>\$ 70,471</u>	<u>56,210</u>

4. Financial costs

The Company's financial costs in 2022 and 2021 are detailed as follows:

	<u>2022</u>	<u>2021</u>
Interest on bank loans	\$ 5,116	5,359
Interest on lease liabilities	1,105	558
Interest on other loans	1,029	-
	<u>\$ 7,250</u>	<u>5,917</u>

(XXIX) Financial instruments

1. Credit risk

(1) The amount of the maximum credit risk

The book amount of financial assets and contractual assets represents the maximum credit storm risk amount.

(2) Concentration of credit risk

As of December 31, 2022 and 2021, 12% and 82% of the balance of accounts receivable of the Company are composed of the five customers before the Company, respectively, resulting in a significant concentration of credit risk of the Company.

(3) Credit risk of receivables

Please refer to Note 6 (5) for detailed credit risk storm information on notes receivable and accounts receivable.

Other financial assets measured at amortized cost include other receivables, restricted deposits and certificates of deposit.

The above are financial assets with low credit risk, and therefore the allowance for losses for the period is measured by the amount of expected credit loss for the twelve-month period (please refer to Note 4 (6) for a description of how the Company determines low credit risk).

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

2. Liquidity risk

The following table shows the contractual maturity date of financial liabilities, including estimated interest but excluding the impact of netting agreements.

	Carrying Amount of Investment	Contract cash flow	Within 12 months	1-5 years	More than 5 years
December 31, 2022					
Non-derivative financial liabilities					
Non-interest-bearing liabilities	\$ 69,549	69,549	69,329	220	-
Lease liabilities	50,712	57,298	6,932	24,295	26,071
Floating rate instrument	185,895	189,700	167,546	15,394	6,760
Fixed-rate instrument	111,229	114,385	77,430	36,955	-
Total	\$ 417,385	430,932	321,237	76,864	32,831
December 31, 2021					
Non-derivative financial liabilities					
Non-interest-bearing liabilities	\$ 124,202	124,202	124,202	-	-
Lease liabilities	57,668	64,443	6,767	29,652	28,024
Floating rate instrument	358,844	366,583	304,809	27,594	34,180
Total	\$ 540,714	555,228	435,778	57,246	62,204

The Company does not anticipate that the cash flows from the maturity analysis will occur significantly earlier or that the actual amounts will be significantly different.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

3. Foreign exchange risk

(1) Exchange rate risk exposure

The financial assets and liabilities of the Company exposed to material foreign currency exchange rate risks are as follows:

	<u>2022.12.31</u>			<u>2021.12.31</u>			
	<u>Foreign currency</u>	<u>Currency exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Currency exchange rate</u>	<u>NTD</u>	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	24,969	30.730	767,296	22,434	27.665	620,640
RMB	-	-	-	-	2,292	4.344	9,955
<u>Non- monetary items</u>							
USD	-	-	-	-	7,432	27.665	187,861
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD		402	30.730	12,366	983	27.665	27,205
RMB		3,300	4.417	14,575	1,031	4.344	4,478

(2) Sensitivity analysis

The exchange rate risk of the monetary items of the Company is mainly due to cash and equivalent cash denominated in foreign currency, accounts receivable and other receivables, borrowings, accounts payable and other payables, etc., resulting in foreign currency exchange gains and losses upon conversion. When the New Taiwan Dollar depreciates or revalues by 5% against the US dollar and the RMB on December 31, 2022 and 2021, all other factors being held constant, the net profit before tax in 2022 and 2021 will increase or decrease by NT\$ 37,018 and NT\$ 29,945, respectively. The two analyses are based on the same basis.

(3) Exchange gains and losses on monetary items

Due to the variety of functional currencies of the Company, the exchange profit and loss information of monetary items is disclosed by means of integration. The profit (loss) of foreign currency exchange in 2022 and 2021 (including realized and unrealized) is NT\$ 65,146 and (NT\$ 7,531) respectively.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

4. Interest Rate Analysis

Interest rate risks on the financial assets and financial liabilities of the Company are described in the Liquidity Risk Management section of this note.

The following sensitivity analysis is based on the interest rate risk of derivative and non-derivative instruments as of the reporting date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding on the reported date is outstanding for the whole year. The rate of change used internally by the Company to report interest rates to key management is a 0.25% increase or decrease in interest rates, which also represents the management's assessment of the range of reasonably possible changes in interest rates.

If interest rates increase or decrease by 0.25%, the Company's 2022 and 2021 pre-tax net income will decrease or increase by NT\$ 465 and NT\$ 144, all other variables being held constant.

5. Other price risks

If daily price changes of equity securities are reported (the analysis of the two periods is based on the same basis, and other changing factors are assumed to remain unchanged), the impact on the comprehensive income and loss items is as follows:

<u>Securities prices on the reporting day</u>	<u>2022</u>		<u>2021</u>	
	<u>Pre-tax amount of other comprehensive gains and losses</u>	<u>Pre-tax profit and loss</u>	<u>Pre-tax amount of other comprehensive gains and losses</u>	<u>Pre-tax profit and loss</u>
Increase by 10%	<u>\$ 380</u>	<u>330</u>	<u>380</u>	<u>5,959</u>
Decrease by 10%	<u>\$ (380)</u>	<u>(330)</u>	<u>(380)</u>	<u>(5,959)</u>

6. Fair value and book amount

(1) Types and fair values of financial instruments

The financial assets and liabilities of the Company measured at fair value through profit and loss and the financial assets measured at fair value through other comprehensive profit and loss are measured at fair value on a recurring basis. Book amount and fair value of various types of financial assets and financial liabilities (including fair value grade information, but the book amount of financial instruments not measured by fair value is a reasonable approximation of fair value, and leasing liabilities, according to the provisions of the fair value information is not required to disclose) are listed as follows:

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

	2022.12.31				
	Carrying Amount of Investment	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 25,645	25,645	-	-	25,645
Financial assets at fair value through other comprehensive income					
Domestic unlisted (over-the-counter) shares	3,797	-	-	3,797	3,797
Financial assets at amortized cost					
Cash and cash equivalents	149,111	-	-	-	-
Financial assets at amortized cost	498,612	-	-	-	-
Notes and accounts receivable (including related parties)	50,177	-	-	-	-
Other receivables (including related parties)	32,140	-	-	-	-
Subtotal	730,040	-	-	-	-
Total	\$ 759,482	25,645	-	3,797	29,442
Financial liabilities measured at cost after amortization					
Short-term loans	\$ 217,000	-	-	-	-
Accounts payables	32,336	-	-	-	-
Other payables (including related parties)	37,213	-	-	-	-
Lease liabilities (including maturity within one year)	50,712	-	-	-	-
Long-term loans (including maturity within one year)	80,124	-	-	-	-
Total	\$ 417,385	-	-	-	-

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

	2021.12.31				
	Carrying Amount of Investment	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 85,002	85,002	-	-	85,002
Financial assets at fair value through other comprehensive income					
Domestic unlisted (over-the-counter) shares	3,797	-	-	3,797	3,797
Financial assets at amortized cost					
Cash and cash equivalents	296,296	-	-	-	-
Financial assets at amortized cost	397,410	-	-	-	-
Notes and accounts receivable (including related parties)	141,876	-	-	-	-
Other receivables (including related parties)	10,879	-	-	-	-
Subtotal	846,461	-	-	-	-
Total	\$ 935,260	85,002	-	3,797	88,799
Financial liabilities measured at cost after amortization					
Short-term loans	\$ 299,000	-	-	-	-
Accounts payables	86,029	-	-	-	-
Other payables	38,173	-	-	-	-
Lease liabilities (including maturity within one year)	57,668	-	-	-	-
Long-term loans (including maturity within one year)	59,844	-	-	-	-
Total	\$ 540,714	-	-	-	-

(2) Fair value evaluation technique for measuring financial instruments at fair value

(2.1) Non-derivative financial instruments

If a financial instrument has an open quotation on the active market, the fair value shall be the open quotation on the active market. The market prices announced by the major exchanges and the Central Government Bond Counter trading centres judged to be hot bonds are the basis for the fair value of listed equity instruments and debt instruments quoted in active markets.

A financial instrument is publicly quoted in an active market if it is promptly and frequently obtained from an exchange, broker, underwriter,

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

industry association, pricing service or authority and the price represents an actual and frequent fair market trader. If the above conditions are not met, the market is deemed to be inactive. In general, a wide bid-ask spread, a significant increase in bid-ask spread or very little trading volume are indicators of an inactive market.

The fair value of the financial instruments held by the Company in an active market is shown by class and attribute as follows:

The fair value of financial assets and liabilities, such as redeemable bonds, TWSE/TPEX listed companies shares, bills of exchange and bonds, which are subject to standard terms and conditions and are traded in the active market, shall be determined by reference to market quotations respectively.

Besides the above mentioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained by means of appraisal techniques or by reference to counterparty quotations. The fair value obtained through the evaluation technique may be calculated by reference to the current fair value of other financial instruments with similar material conditions and characteristics, the discounted cash flow method or by other evaluation techniques, including the use of models based on market information available at the reported date (e.g., the counter buying center reference yield curve, the Reuters commercial note rate average quote).

The fair value of the financial instruments held by the Company in an inactive market is shown by class and attribute as follows:

Equity instrument without public quotation: The fair value is estimated using the market comparable company law, and its main assumption is based on the estimated earnings before interest, depreciation and amortization of investors and the earnings multiplier derived from the market quotation of comparable TWSE/TPEX listed companies. This estimate has been adjusted for the effect of the discount on the lack of market liquidity of the equity securities.

(3) Transfer between Level 1 and Level 2

There is no transfer in 2022 and 2021.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

(4) Schedule of changes to Level 3

	<u>Measured at fair value through other comprehensive gains and losses</u>
	<u>No equity instrument of open offer</u>
January 1, 2022 (i.e., closing balance)	\$ <u>3,797</u>
January 1, 2021 (i.e., closing balance)	\$ <u>3,797</u>

(5) Quantitative information on fair value measurement of significant unobservable inputs (Level 3)

Level 3 of the fair value measurement of the Company mainly refers to the financial asset-equity securities investment measured by the fair value of other comprehensive profit and loss, while the domestic and foreign unlisted (over-the-counter) equity investments are calculated using the comparable listed company method to calculate the fair value of the investment bid, and the comparable listed and over-the-counter companies method refers to companies engaged in the same or similar business whose shares are traded at the transaction price of an active market, the value multipliers implied by those prices, and considers the liquidity discount to determine the value of the target company.

(XXX) Financial risk management

1. Summary

The Company is exposed to the following risks as a result of the use of financial instruments:

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

This note provides critical information about the risks of the Company and the objectives, policies, and procedures of the Company for measuring and managing risks. Please refer to the notes to this financial report for further quantitative disclosure.

2. Risk Management Architecture

The Company's main financial instruments include equity and debt investments, accounts receivable, accounts payable, loans and lease liabilities. Cleanaway's finance administration department provides services to various business units, coordinating their operation to enter the domestic and international financial markets. By analyzing the internal risk exposure report according to the degree and breadth of risks, it supervises and manages the financial risks related to the operation of Cleanaway. These include market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk and liquidity risk.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

3. Credit risk

Credit risk is the risk of financial loss arising from the failure of the Company to meet its contractual obligations by its customers or counterparties to financial instruments, mainly from the Company's bank deposits, accounts receivable from its customers and investments in securities.

(1) Accounts receivable and other receivables

The policy adopted by the Company is to deal only with reputable counterparties and to obtain, where necessary, adequate guarantees to mitigate the risk of financial loss arising from defaults.

(2) Investments

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the Company's finance department. There is no material credit risk as the transaction parties and performance parties of the Company are banks with good credit standing and financial institutions, corporate organizations and government agencies with investment grade or above.

(3) Warranty

Please refer to Note 7 for the endorsements/guarantees provided by the Company on December 31, 2022 and 2021.

4. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support operations of the Company and mitigate the effects of fluctuations in cash flows. The management of the Company supervises the use of credit facility from the Banks and ensures compliance with the terms of the loan contracts.

On December 31, 2022 and 2021, the unutilized bank loan facility of the Company is NT\$ 335,000 and NT\$ 429,717, respectively.

5. Market risks

Market risk refers to the risk that changes in market prices, such as changes in exchange rates, interest rates, and the price of equity instruments, may affect the earnings or value of the financial instruments held by the Company. The objective of market risk management is to control the degree of market risk within an acceptable range and to optimize the return on investment.

(1) Foreign exchange risk

The Company is exposed to exchange rate risks arising from sales, procurement and borrowing transactions denominated in non-functional currencies. The functional currency of the Company will be the NTD. The major currencies for transactions are NTD, USD and RMB.

(2) Interest rate risk

The Company holds floating rate assets and liabilities and thus generates cash flow interest rate risk. The Company's floating rate financial assets and financial

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

liabilities are detailed in the Liquidity Risk Management section of this note.

(XXXI) Capital Management

The Company carries out capital management to ensure that it is able to continue operating by optimising its debt and equity balances to maximize shareholders' compensation.

The capital structure of the Company is reviewed from time to time by the Company's key management in the light of the economic environment and business considerations. The Company will balance its overall capital structure by paying dividends, repurchasing shares and financing, as advised by the key management and in accordance with the provisions of the Act.

As of December 31, 2022, there has been no change in the way the Company manages its capital.

(XXXII) Investment and financing activities in non-cash transactions

1. Please refer to note 6 (13) for details on the acquisition of the right to use assets by means of lease.
2. Reconciliation of liabilities from financing activities is shown below:

	<u>2022.1.1</u>	<u>Cash flow</u>	<u>Changes in non-cash items</u>		<u>2022.12.31</u>
			<u>Increase</u>	<u>Decrease</u>	
Short-term loans	\$ 299,000	(82,000)	-	-	217,000
Long-term loans (including maturity within one year)	59,844	20,280	-	-	80,124
Lease liabilities (including maturity within one year)	<u>57,668</u>	<u>(6,158)</u>	<u>6,019</u>	<u>(6,817)</u>	<u>50,712</u>
Total liabilities from financing activities	<u>\$ 416,512</u>	<u>(67,878)</u>	<u>6,019</u>	<u>(6,817)</u>	<u>347,836</u>

	<u>2021.1.1</u>	<u>Cash flow</u>	<u>Changes in non-cash items</u>		<u>2021.12.31</u>
			<u>Increase</u>	<u>Decrease</u>	
Short-term loans	\$ 314,000	(15,000)	-	-	299,000
Long-term loans (including maturity within one year)	63,438	(3,594)	-	-	59,844
Lease liabilities (including maturity within one year)	<u>18,647</u>	<u>(6,443)</u>	<u>45,464</u>	-	<u>57,668</u>
Total liabilities from financing activities	<u>\$ 396,085</u>	<u>(25,037)</u>	<u>45,464</u>	-	<u>416,512</u>

VII. Related Party Transactions

(I) Name and Relationship of Related Parties

The parties involved in transactions with the Company during the period covered by this

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

parent company only financial statement are as follows:

<u>Name of related party</u>	<u>Relations with the company</u>
BEC Technologies Inc.	Subsidiary
Billion Sunpower Co., Ltd.	Subsidiary
Billion Watts Technologies Co., Ltd.	Subsidiary
Billion Energy Storage Technologies Inc.	Subsidiary
(Hong Kong) EG-Billion Co., Ltd.	Subsidiary (Note)
Chung-Ting Chen	For the Chairman of the Board of Directors of the Company (management level)
EG-Billion Electronics (Dongguan) Co., Ltd.	Associates (Note)

Note: In August 2021, the Company disposed of the subsidiary (Hong Kong) EG-Billion Co., Ltd., so it also lost significant influence over EG-Billion Electronics (Dongguan) Co., Ltd.

(II) Major transactions with related parties

1. Operating revenue

The amount of the Company's major sales to related parties are listed below:

<u>Related Party Type /Name</u>	<u>2022</u>	<u>2021</u>
Subsidiary:		
BEC Technologies Inc.	\$ 186,171	310,324
Billion Watts Technologies Co., Ltd.	48,539	56,127
Miscellaneous	<u>739</u>	<u>4</u>
	<u>\$ 235,449</u>	<u>366,455</u>

The price of goods sold to related parties is increased by cost depending on the item, and the payments are recovered about 3 to 4 months after the goods are shipped.

2. Purchase

The purchase amount of the Company from related parties is as follows:

<u>Related Party Type /Name</u>	<u>2022</u>	<u>2021</u>
Associates:		
EG-Billion Electronics (Dongguan) Co.,Ltd.	<u>\$ -</u>	<u>70,792</u>

Purchases are made on the basis of general market conditions, and the price and payment period are not materially different from those of other manufacturers.

In 2021, the Company's purchase goods valued at NT\$ 70,792 from related parties was sold by Weicheng Electronic Technology Limited who purchased the goods from EG-Billion Electronics (Dongguan) Co., Ltd., and Weicheng is not a related party of the Company.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

3. Receivables from related parties (excluding loans to related parties)

The Company's receivables from related parties are detailed as follows:

<u>Accounting subject</u>	<u>Related Party Type /Name</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Subsidiary:			
Accounts receivable - related parties	BEC Technologies Inc.	\$ 17,798	102,783
Accounts receivable - related parties	Billion Watts Technologies Co., Ltd.	-	11,606
Accounts receivable - related parties	Miscellaneous	6	-
Subsidiary:			
Other receivables - related parties	Billion Energy Storage Technologies Inc.	23	42
Other receivables - related parties	BEC Technologies Inc.	81	-
		<u>\$ 17,908</u>	<u>114,431</u>

The Company's outstanding receivables from related parties are not guaranteed. Accounts receivable from related parties as of December 31, 2022 and 2021 are assessed as not requiring recognition for impairment.

4. Payables to related parties

The Company's payables to related parties are detailed as follows:

<u>Accounting subject</u>	<u>Related Party Type /Name</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Subsidiary:			
Other payables to related parties	Billion Watts Technologies Co., Ltd.	\$ 1,238	-

The balances of outstanding payables to related parties are not guaranteed.

5. Loans to related parties

The actual disbursements of the Company's capital loans to related parties are detailed as follows:

	<u>Related Party Type /Name</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Subsidiary:			
	Billion Energy Storage Technologies Inc.	\$ 20,028	-
<u>Accounting subject</u>	<u>Related Party Type /Name</u>	<u>2022</u>	<u>2021</u>
Interest income	Billion Energy Storage Technologies Inc.	\$ 202	-
	Billion Watts Technologies Co., Ltd.	-	100
		<u>\$ 202</u>	<u>100</u>

In 2022 and 2021, the Company provided unsecured loans due within one year to Billion Watts Technologies Co., Ltd. with interest rates of 2.0% and 2.1%, respectively. In 2022, the Company provided a one-year unsecured loan to Billion Energy Storage Technologies Inc., with an interest rate of 2.075%, which is similar to the market interest rate. These loans are expected to be recovered within one year, and there is no

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

expected credit loss after assessment.

6. Endorsement/guarantee

<u>Related Party Type /Name</u>	<u>2022</u>	<u>2021</u>
Billion Sunpower Co., Ltd.	\$ 90,000	190,000
Billion Energy Storage Technologies Inc.	30,000	12,600
Billion Watts Technologies Co., Ltd.	215,000	128,500
	<u>\$ 335,000</u>	<u>331,100</u>

7. Other income

<u>Related Party Type /Name</u>	<u>2022</u>	<u>2021</u>
Client compensation income		
BEC Technologies Inc.	\$ 1,852	5,476
Miscellaneous		
BEC Technologies Inc.	3,881	3,279
	<u>\$ 5,733</u>	<u>8,755</u>

(III) Major management transactions

Compensation for major managers includes:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 12,609	11,556
Post-employment benefits	379	359
Share-based payment	313	409
	<u>\$ 13,301</u>	<u>12,324</u>

VIII. Pledged Assets

The book value details of the assets pledged by the Company are as follows:

<u>Asset Name</u>	<u>Pledge to secure the subject matter</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Financial assets at amortized cost - current	Short-term loans	<u>\$ 61,460</u>	<u>671</u>
Financial assets at amortized cost - non-current	Repatriation of overseas capital and matters agreed in Note 9 (3)	<u>\$ 437,152</u>	<u>393,710</u>
Property, plant, and equipment	Long-term loans	<u>167,341</u>	<u>172,829</u>
Property, plant, and equipment	Long-term loans	<u>\$ 50,286</u>	<u>55,649</u>
Property, plant, and equipment	Long-term loans	<u>\$ 7,518</u>	<u>81,569</u>
Investment property	Long-term loans	<u>\$ 19,722</u>	<u>38,075</u>
Investment property	Long-term loans	<u>\$ 8,704</u>	<u>17,055</u>

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingent liabilities:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Purchase of property, plant and equipment	<u>\$ 9,600</u>	<u>24,035</u>

(II) As of December 31, 2022, the Company had issued promissory notes for USD 500 thousand

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and NT\$ 741,681 under a consolidated line of credit from financial institutions.

- (III) The Company purchases on behalf of its customers, and all receivable for payment on behalf have been insured. Insurance receivable for NTD148,442 (USD5,330 thousand) with Cathay Century Products Insurance Company on February 22, 2017, for one year, The coverage is Protracted for debtors of the company in cases of Insolvency, Protracted Default and Political risks, in which the product insurance company will bear losses incurred by the company in a ratio of 90%. The maximum liability is USD10,000 thousand each. Cathay Century Products Insurance Company declined to pay the insurance proceeds on the grounds that the payments receivable on behalf of others were disputed and did not meet the policy claims requirements.

In addition, in order to mitigate the risk of accounts receivable and consider the benefits of fund utilization, the Company entered into accounts receivable purchase contracts with financial institutions and sold the accounts receivable to the financial institutions (CTBC Bank and Taishin International Bank) without recourse conditions. The amount of sale in 2017 was NT\$ 435,776 (USD 14,370 thousand), and the payment advanced was NT\$ 392,199 (USD 12,933 thousand). The Company appointed a lawyer from Tong-li Attorneys-at-Law to assess that the content of the aforementioned accounts receivable purchase contracts. The content of the purchase contract is the terms common to the debt transfer contracts of general financial institutions. It is consistent to the normal content of assignment of debt in terms of the purchase price and accounts receivable, the transfer method and risk liability. However, there is still room for the definition and determination in commercial disputes of purchase contract; This is common in domestic financial cases, which will allow financial institutions to have a large space for interpretation and play. The Company has agreed with the financial institution that as of December 31, 2022, demand deposits of NT\$12,168 and time deposits of NT\$343,755 as agreed shall not be used, and promissory notes of USD13,556 thousand and NT\$10,000 have been issued.

As above, all of the Company's above-mentioned claims have been insured or sold to financial institutions on a non-recourse basis, and the Company has continued to discuss with appointed lawyers to conduct relevant legal proceedings and litigation.

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In addition, according to the contract, the Company has charged USD 4,459 thousand in livery to Potevio Co Ltd and Potevio International Company Limited (hereinafter referred to as "Potevio Group") for late payment to the Company. After sending several letters urging Potevio Group to delay the payment of the account for various reasons. In June 2018, the Company appointed a lawyer to initiate arbitration against the Potevio Group for breach of contract. However, the opposing party submitted a counter-arbitration request to the South China International Economic and Trade Arbitration Commission, requesting the Company to double the refund of the performance bond paid by Potevio Group amounting to USD 469 thousand. In July 2018, the lawyer appointed by the Company assessed that the Company had fulfilled the delivery obligation, and Potevio Group should pay the balance of the goods to the Company and assume the liability for breach of contract, and the Company has no obligation to return the advance payment (called "performance bond" by Potevio Group) to Potevio Group. In December 2022, the Company was notified by the South China International Economic and Trade Arbitration Commission that the award period would be extended to March 31, 2023.

In February 2023, the lawyer appointed by the Company has assessed that the Company has sufficient evidence and arguments based on the existing evidence, and the evidence submitted by the Potevio Group has insufficient relevance to this case. In the opinion of the Company's appointed lawyers, there is a greater likelihood of success in this case.

- (IV) On April 24, 2019, the prosecution and investigation unit dispatched personnel to the Company to search and investigate the transactions between the Company with Potevio Co Ltd and Potevio International Company Limited. This case is still in the investigation stage so far. The Company has fully cooperated with the investigation request and provided relevant documents and information on the aforementioned transactions.

X. Major disaster losses: None.

XI. Major events after the reporting period

On March 14, 2023, the Board of Directors approved that in order to increase the working capital, repay bank borrowings, and meet the needs of the company's future diversification and operational planning, the Company intends to conduct a private placement of 15,000,000 shares in Sino-American Silicon Products Inc.

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XII. Miscellaneous

- (I) Employee benefits, depreciation and amortization expense functions are summarized as follows:

By Feature By property	2022			2021		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses						
Salary expenses	14,114	81,868	95,982	13,026	85,277	98,303
Labor health insurance costs	1,337	7,998	9,335	1,177	8,137	9,314
Pension expenses	727	4,359	5,086	664	4,517	5,181
Remuneration paid to directors	-	7,527	7,527	-	5,054	5,054
Other employee welfare expense	806	3,563	4,369	812	3,887	4,699
Depreciation expenses	14,030	7,051	21,081	13,106	6,468	19,574
Amortization expense	-	507	507	-	655	655

Additional information on the number of employees and employee welfare expenses of the Company in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Number of employees	<u>122</u>	<u>130</u>
Number of directors who are not employees of the Company	<u>5</u>	<u>6</u>
Average employee welfare expense	<u>\$ 981</u>	<u>991</u>
Average employee salary expense	<u>\$ 820</u>	<u>793</u>
Adjustment of average employee salary expense	<u>3.40%</u>	<u>3.80%</u>
Supervisor's remuneration	<u>\$ -</u>	<u>-</u>

XIII. Notes to Disclosures

- (I) Information on Significant Transactions:

In 2022, the Company shall disclose the following information related to the major transactions in accordance with the financial reporting standards of securities issuers:

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

1. Lending to Others:

Unit: Thousands NTD

No.	Lending company	Borrower	Current Accounts	Related Party Status	Current maximum amount	Ending Balance	Actual Drawdown	Interest Rate Range	Loan and nature of funds (Note 2)	Amount of business transactions	Reason for Short-term Financing	Provision for loss amounts	Collateral		Loan and limit of funds to individual objects	Capital loan and total limit
													Name	Value		
0	Billion Electric Co., Ltd.	Billion Energy Storage Technologies Inc.	Other receivables	Yes	25,000	25,000	20,000	2.075%	2	-	Build Energy Storage Cases	-	-	-	78,574 (Note 3)	314,296 (Note 3)
0	Billion Electric Co., Ltd.	Billion Sunpower Co., Ltd.	Other receivables	Yes	15,000	15,000	-	-	2	-	Operating turnover	-	-	-	78,574 (Note 3)	314,296 (Note 3)
0	Billion Electric Co., Ltd.	Tai Chuang Energy Co., Ltd.	Other receivables	Yes	15,000	15,000	-	-	2	-	Build Energy Storage Cases	-	-	-	78,574 (Note 3)	314,296 (Note 3)
0	Billion Electric Co., Ltd.	Billion Watts Technologies Co., Ltd.	Other receivables	Yes	28,000	-	-	-	2	-	Operating turnover such as purchase of materials, etc.	-	-	-	78,574 (Note 3)	314,296 (Note 3)
1	BEC Technologies Inc.	BEC International, LLC	Other receivables	Yes	18,438 (Note 6)	18,438 (Note 6)	11,063 (Note 6)	-	2	-	Repayment of bank loans	-	-	-	25,147 (Note 4)	50,293 (Note 4)
2	Billion Watts Technologies Co., Ltd.	Shengda Energy Storage Tech Co., Ltd.	Other receivables	Yes	5,000	5,000	-	-	2	-	Build Energy Storage Cases	-	-	-	12,410 (Note 5)	49,642 (Note 5)

Note 1. The remarks for the serial number column is as follows:

- (1) For Issuer, write 0.
- (2) The investees are numbered sequentially starting with Arabic numeral 1 according to each entity.

Note 2.

1. For those who have business transactions.
2. Necessary for short-term financing.

Note 3. The limits prescribed by the Company's operating procedures for capital lending are as follows:

- (1) The capital lending line for individual object shall be limited to no more than 5% of the net current value of Billion Electric Co., Ltd., which belongs to the owner of the Company.
- (2) The total amount of foreign capital lending shall be limited to no more than 20% of the net current value of Billion Electric Co., Ltd., which belongs to the owner of the Company.

Note 4. The limits prescribed by BEC Technologies Inc.'s operating procedures for capital lending are as follows:

- (1) The capital lending line for individual object shall be limited to no more than 10% of the net current value of BEC Technologies Inc., which belongs to the owner of the Company.
- (2) The total amount of foreign capital lending shall be limited to no more than 20% of the net current value of BEC Technologies Inc., which belongs to the owner of the Company.

Note 5. The limits of capital loan and operation procedure stipulated by Billion Watts Technologies Co., Ltd. are as follows:

- (1) The capital lending line for individual object shall be limited to no more than 5% of the net current value of Billion Watts Technologies Co., Ltd., which belongs to the owner of the Company.
- (2) The total amount of foreign capital lending shall be limited to no more than 20% of the net current value of Billion Watts Technologies Co., Ltd., which belongs to the owner of the Company.

Note 6. BEC Technologies Inc., a subsidiary of the Company has lent a new capital to BEC International LLC, a second-tier subsidiary, in the amount of USD 600 thousand since January 2021. The actual amount spent was USD 360 thousand. The translation rate of USD to NTD at the end of the period was 1 : 30.73.

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2. Endorsement/Guarantee Provided for Others:

Unit: Thousands NTD

No.	Endorsement/Guarantee Provider Name	Subject of Endorsements/Guarantees		Endorsement/guarantee limit for a single business (Note 3)	Balance of maximum endorsement/guarantee for the current period	Final endorsement/guarantees balance	Actual Drawdown	Indorsement secured by property	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Endorsement/guarantee up to a limit (Note 4)	Endorsement/guarantee by parent company for subsidiary	Endorsement/guarantee by subsidiary for parent company	Guarantee Provided to Subsidiaries in Mainland China
		Company Name	Relation (Note 2)										
0	Billion Electric Co., Ltd.	Billion Sunpower Co., Ltd.	2	314,296	190,000	90,000	51,519	-	5.73	471,444	Y	N	N
0	Billion Electric Co., Ltd.	Billion Energy Storage Technologies Inc.	2	314,296	30,000	30,000	22,229	-	1.91	471,444	Y	N	N
0	Billion Electric Co., Ltd.	Billion Watts Technologies Co., Ltd.	2	314,296	215,000	215,000	23,027	-	13.68	471,444	Y	N	N

Note 1. The remarks for the serial number column is as follows:

- (1) For Issuer, write 0.
- (2) The investees are numbered sequentially starting with Arabic numeral 1 according to each entity.

Note 2. The relationship between the endorser and the object endorsed is as follows:

- (1) A company that has business transactions with the Cleanaway.
- (2) Companies in which the Company directly and indirectly holds more than 50% of the voting shares.
- (3) Companies that directly or indirectly hold more than 50% of the voting shares of the Company.
- (4) Intercompanies where the Company directly or indirectly holds more than 90% of the voting shares.
- (5) Companies that are mutually guaranteed by the contract between peers or co-contractors based on the needs of the underwriting project.
- (6) Companies to which all investing shareholders endorse a guarantee based on its shareholding ratio as a result of the joint investment relationship.
- (7) Joint and several guarantees of performance bonds for pre-sale housing sales contracts with peers in the same industry in accordance with the regulations of the Consumer Protection Act.

Note 3. The amount of endorsement/guarantee for a single enterprise shall not exceed 20% of the current net value of the owner of the Company.

Note 4. The total amount of an endorsement/guarantee shall not exceed 30% of the current net value of the owner of the Company.

3. Status of marketable securities held at the end of the period (excluding interests of investment subsidiaries, associates and joint ventures):

Unit: Thousands NTD

Securities holder	Type and name of marketable securities	Relationship with issuers of securities	Journal Accounts	End of period				Remarks
				Number of Shares	Carrying Amount of Investment	Shareholding ratio	Fair value	
Billion Electric Co., Ltd.	Capital Money Market Fund	N/A	Financial assets at fair value through profit or loss - current	1,138	18,640	- %	18,640	
Billion Electric Co., Ltd.	Allianz US Short Duration High Income Bond Fund Type A (Cumulative)	N/A	Financial assets at fair value through profit or loss - current	285	2,939	- %	2,939	
Billion Electric Co., Ltd.	NN (L) US Credit - Y Cap USD	N/A	Financial assets at fair value through profit or loss - current	-	769	- %	769	
Billion Electric Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	N/A	Financial assets at fair value through profit or loss -	33	3,297	- %	3,297	

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

Securities holder	Type and name of marketable securities	Relationship with issuers of securities	Journal Accounts	End of period				Remarks
				Number of Shares	Carrying Amount of Investment	Shareholding ratio	Fair value	
Billion Electric Co., Ltd.	Ennova Technologies, Inc.	N/A	current Financial assets at fair value through other comprehensive income - non-current	550	3,797	18.33 %	3,797	
Billion Electric Co., Ltd.	EcoLumina Technologies, Inc.	N/A	Financial assets at fair value through other comprehensive income - non-current	30	-	0.37 %	-	
Billion Electric Co., Ltd.	MicroLinks Technology Corp.	N/A	Financial assets at fair value through other comprehensive income - non-current	100	-	1.32 %	-	
Billion Electric Co., Ltd.	Dajian Internet Technology Co., Ltd.	N/A	Financial assets at fair value through other comprehensive income - non-current	300	-	10.00 %	-	
Pacific Solar Limited	Works Systems, Inc.	N/A	Financial assets at fair value through other comprehensive income - non-current	867	-	3.94 %	-	
BEC Technologies Inc.	Invesco QQQ Tr Unit Ser 1	N/A	Financial assets at fair value through profit or loss - current	-	2,512	- %	2,512	
BEC Technologies Inc.	Berkshire Hathaway Inc	N/A	Financial assets at fair value through profit or loss - current	-	4,234	- %	4,234	

4. Cumulative purchase or sale of the same securities amounting to NT\$300 million or more than 20% of the paid-in capital: None.
5. The amount of real estate acquired is NT\$300 million or more than 20% of the paid-in capital: None.
6. Disposal of real estate amounts to NT \$300 million or more than 20% of the paid-in capital: None.

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

7. The amount of imports and sales with related parties is NT\$100 million or more than 20% of the paid-in capital:

Unit: Thousands NTD

Supplier (Buyer) Company	Name of Trading Partner	Relation	Transaction Details				Circumstances and reasons for the difference between the terms of transaction and ordinary transactions		Notes and Accounts Receivable (Payable)	
			Purchase/Sale	Amount	Proportion of total purchase (sales)	Credit period	Unit Price	Credit period	Balance	Proportion of total notes and accounts receivable (payable)
Billion Electric Co., Ltd.	BEC Technologies Inc.	Subsidiaries of the Company	Sales	186,171	38.73%	Collect about 3 to 4 months after shipment	-	-	17,798	35.32%

8. Amounts receivable from related parties amounting to NT\$100 million or more than 20% of the paid-in capital: None.

9. Engaged in derivative transactions: None.

(II) Related Information on Investees:

Unit: Thousands NTD/thousands USD

Name of the Investment Company	Name of investee	Location	Main Business Activities	Initial Investment		Holdings at the End of Period			Profit and loss of the investee in the current period	Investment gains and losses recognized in the current period	Remarks
				End of the Current Period	End of Previous Year	Number of Shares	Ratio	Carrying Amount of Investment			
Billion Electric Co., Ltd.	BEC Technologies Inc.	United States	Sales of ADSL-related products	69,257	69,257	2,294	91.76%	210,417	2,505	2,298	
Billion Electric Co., Ltd.	Billion Sunpower Co., Ltd.	Taiwan	Design, manufacturing, construction and sales business of solar power plants	100,000	100,000	10,000	100.00%	104,446	5,232	5,232	
Billion Electric Co., Ltd.	Billion Watts Technologies Co., Ltd.	Taiwan	Distribution services of solar power plant equipment and provision of power plant maintenance services	122,100	77,671	6,448	60.26%	143,155	33,795	18,093	
Billion Electric Co., Ltd.	Billion Energy Storage Technologies Inc.	Taiwan	Energy storage sales business	80,000	80,000	8,000	100.00%	71,567	(6,281)	(6,281)	
Billion Electric Co., Ltd.	Billion Energy Storage Technologies Co., Ltd.	Taiwan	Energy storage sales business	-	3,600	-	- %	-	(2,241)	(2,241)	Note 1
Billion Electric Co., Ltd.	Pacific Solar Limited	Seychelles	International investment	-	-	650	100.00%	-	-	-	Note 2
Billion Electric Co., Ltd.	VGwatt Energy Co., Ltd.	Taiwan	Design, manufacturing, construction and sales business of solar power plants	26,025	-	1,041	51.00%	26,057	912	32	
Billion Electric Co., Ltd.	Tai Chuang Energy Co., Ltd.	Taiwan	Energy storage sales business	949	-	100	100.00%	(1,397)	(2,346)	(2,346)	
Billion Electric Co., Ltd.	Xiajing Co., Ltd.	Taiwan	Renewable energy non-utility power generation equipment business	27,000	-	2,700	5.24%	27,040	391	8	Note 3
BEC Technologies Inc.	BEC International, LLC	United States	International investment	40,996	40,996	-	100.00%	56,900	3,856	3,856	
BEC International,	Avantek Systems	Singapore	Cloud Software	8,300	-	100	74.99%	7,862	(568)	(425)	

Notes to parent company only financial statement of Billion Electric Co., Ltd. (Con't)

Name of the Investment Company	Name of investee	Location	Main Business Activities	Initial Investment		Holdings at the End of Period			Profit and loss of the investee in the current period	Investment gains and losses recognized in the current period	Remarks
				End of the Current Period	End of Previous Year	Number of Shares	Ratio	Carrying Amount of Investment			
LLC	PTE. LTD		Hosting Services	(USD270)							
Billion Watts Technologies Co., Ltd.	Shengda Energy Storage Tech Co., Ltd.	Taiwan	Energy storage sales business	2,000	-	200	100.00%	1,838	(162)	(162)	
Billion Watts Technologies Co., Ltd.	Shengzhida Tech Co., Ltd.	Taiwan	EMC software development design and sales	5,100	-	510	51.00%	5,066	(67)	(34)	
Billion Energy Storage Technologies Inc.	Shengri Energy Storage Tech Co., Ltd.	Taiwan	Energy storage sales business	2,000	-	200	100.00%	1,923	(77)	(77)	

- Note 1. The Company signed an equity transfer contract with Houju Energy Tech Co., Ltd. in September 2022, and the equity delivery date is October 2022.
- Note 2. Pacific Solar Limited was incorporated in Seychelles in November 2020. As of December 31, 2022, no capital has been invested in the Company.
- Note 3. It is an investee company evaluated by the equity method.

(III) Information on investment in Mainland China: None.

(IV) Main Shareholder Information:

Name of Main Shareholder	Shares	Number of shares held	%
Chung-Ting Chen		17,690,971	17.72%

Note:

- The main shareholder information in this schedule is calculated by the depository company using the information of the shareholders holding 5% of more of the total number of ordinary shares and special shares of the Company that have completed the script-less registration and delivery (including treasury shares) on the last business day at the end of the quarter. The share capital recorded in the financial statements of the Company and the number of shares for which dematerialized registration and delivery has completed may differ as a result of the different prepartions of calculation bases.
- If the above information belongs to the shareholders handing over their holdings to the trust, it shall be disclosed by the individual branches of the principal whose trust account is opened by the trustee. For insider share declaration of shareholders holding more than 10% in accordance with the Securities Exchange Act, the shareholding includes the shareholding of the shareholder plus the shares that the shareholder has paid into the trust and has the right to use the trust property. For insider share declaration information, please refer to the MOPS.

XIV. Segment Information

For details, please refer to the consolidated financial statement for 2022.

Billion Electric Co., Ltd.
Schedules of Cash and Cash Equivalents
December 31, 2022

Unit: Thousands NTD

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash	Cash on hand	\$ 70
Bank deposits	Checks and demand deposits	43,933
	Foreign currency demand deposit USD 1,904 thousand	58,498
	Currency exchange rate USD1=NT\$30.73	
	Foreign currency demand deposit EUR 16 thousand	515
	Currency exchange rate EUR1=NT\$32.726	
	Foreign currency time deposits USD 1,500 thousand USD1=NT\$30.73	46,095
Total		<u>\$ 149,111</u>

Billion Electric Co., Ltd.
Detailed statement of financial assets measured at
cost after amortization
December 31, 2022

Unit: Thousands NTD

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Restricted bank deposits	Overseas funds remitted in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act	\$ 81,199
Restricted bank deposits	Restricted deposits agreed with financial institutions	355,923
Restricted bank deposits	Pledged as application for financing line by financial institutions	<u>61,490</u>
		<u>\$ 498,612</u>

Billion Electric Co., Ltd.
Detailed statement of notes and accounts receivable
December 31, 2022

Unit: Thousands NTD

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Non-related parties:		
Client A	Operating	\$ 5,845
Client B	"	5,233
Client C	"	5,337
Client D	"	2,104
Client E	"	4,894
Client F	"	1,941
Client G	"	2,126
Others (Note)	"	5,105
Less: allowance for uncollectible accounts receivable	"	<u>(212)</u>
Total	"	<u>\$ 32,373</u>
Related parties:		
BEC Technologies Inc.	Operating	\$ 17,798
Billion Sunpower Co., Ltd.	"	<u>6</u>
Total		<u>\$ 17,804</u>

Note: 5% of the balance of this account is not reached.

Billion Electric Co., Ltd.

Inventory details

December 31, 2022

Unit: Thousands NTD

Item	Amount	
	Costs	Net realized value
Raw materials	\$ 116,214	96,104
Products in process	6,228	6,626
Finished products	43,195	56,274
Goods	4,700	-
Subtotal	170,337	<u>159,004</u>
Less: allowance for inventory valuation and obsolescence losses	(30,530)	
Net amount	<u>\$ 139,807</u>	

Billion Electric Co., Ltd.

Detailed statement of changes in investments using the equity method

December 31, 2022

Unit: Thousands NTD

Name	Beginning balance			Increase in the current period		Current Decrease		Profit (loss) on investments	Conversion adjustments	Realized (unrealized) gross profit from sales	Others (Note 1)	Ending Balance			Provisions of guarantee or pledge
	Number of shares (thousands)	%	Amount	Number of shares (thousands)	Amount	Number of shares (thousands)	Amount					Amount	Amount	Amount	
Non-TWSE/TPEX-listed companies															
BEC Technologies Inc.	2,294	91.76%	\$ 187,861	-	-	-	-	2,298	22,848	(2,590)	-	2,294	91.76%	210,417	N/A
Billion Sunpower Co., Ltd.	10,000	100.00%	103,183	-	-	-	-	5,232	-	133	(4,102)	10,000	100.00%	104,446	N/A
Billion Watts Technologies Co., Ltd.	4,742	66.49%	85,040	1,716	44,619	(10)	(260)	18,093	-	(1,677)	(2,660)	6,448	60.26%	143,155	N/A
Billion Energy Storage Technologies Inc.	8,000	100.00%	78,193	-	-	-	-	(6,281)	-	(498)	153	8,000	100.00%	71,567	N/A
Billion Energy Storage Technologies Co., Ltd.	360	100.00%	3,527	-	-	(360)	(1,286)	(2,241)	-	-	-	-	-	-	N/A
Pacific Solar Limited	650	100.00%	-	-	-	-	-	-	-	-	-	650	100.00%	-	N/A
Tai Chuang Energy Co., Ltd.	-	-	-	100	949	-	-	(2,346)	-	-	-	100	100.00%	(1,397)	N/A
VGwatt Energy Co., Ltd.	-	-	-	1,041	26,025	-	-	32	-	-	-	1,041	51.00%	26,057	N/A
Xiajing Co., Ltd.	-	-	-	2,700	27,000	-	-	8	-	-	32	2,700	5.24%	27,040	N/A
			\$ 457,804		98,593		(1,546)	14,795	22,848	(4,632)	(6,577)			581,285	

Note 1: Receipt of cash dividends (NT\$ 9,316) and adjustment of other equity net value by NT\$ 2,739.

Billion Electric Co., Ltd.
Detailed statement of short-term loans
December 31, 2022

Unit: Thousands NTD

<u>Type of loan</u>	<u>Remarks</u>	<u>Ending Balance</u>	<u>Term of the contract</u>	<u>Interest Rate Range</u>	<u>Financing Limit</u>	<u>Pledge or guarantee</u>
Guaranteed loan	Taiwan Cooperative Bank	\$ 95,000	2022.10.27-2023.10.27	1.801%	150,000	Property
Guaranteed loan	Shanghai Commercial Bank	38,000	2022.07.21-2023.07.04	1.925%	98,000	Property
Guaranteed loan	Shanghai Commercial Bank	30,000	2022.08.19-2023.07.04	1.925%	-	Property
Guaranteed loan	Taiwan Shin Kong Commercial Bank Co., Ltd.	27,000	2022.12.26-2023.02.03	1.780%	27,000	Certificate of time deposit
Guaranteed loan	Taiwan Shin Kong Commercial Bank Co., Ltd.	<u>27,000</u>	2022.12.28-2023.02.03	1.780%	<u>27,000</u>	Certificate of time deposit
		<u>\$ 217,000</u>			<u>\$ 302,000</u>	

Billion Electric Co., Ltd.
Detailed statement of long-term loans
December 31, 2022

Unit: Thousands NTD

<u>Type of loan</u>	<u>Remarks</u>	<u>Ending Balance</u>	<u>Term of the contract</u>	<u>Interest Rate Range</u>	<u>Financing Limit</u>	<u>Pledge or guarantee</u>
Unsecured loan	Shanghai Commercial Bank	\$ 22,000	2022.08.12-2029.08.12	2.18%	22,000	N/A
Guaranteed loan	Bank SinoPac Co., Ltd.	895	2021.09.24-2029.09.22	2.21%	938	Property
Inventory installments	Chailease Finance Co., Ltd.	<u>57,229</u>	2022.07.15-2025.07.15	3.95%	<u>70,000</u>	Performance bond
		<u>\$ 80,124</u>			<u>92,938</u>	

Billion Electric Co., Ltd.
Detailed statement of accounts payable
December 31, 2022

Unit: Thousands NTD

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Non-related parties:		
Company A	Payment for goods	\$ 6,566
Company B	"	4,853
Company C	"	3,321
Company D	"	2,868
Others (Note)	"	<u>14,728</u>
Total		<u>\$ 32,336</u>

Note: 5% of the balance of this account is not reached.

Billion Electric Co., Ltd.
Detailed statement of operating income
January 1 to December 31, 2022

Unit: Thousands NTD

<u>Item</u>	<u>Quantity (in thousands of KW)</u>	<u>Amount</u>
LTE	44	\$ 216,706
Power supply unit	503	125,141
Renewable energy equipment	2	9,312
ADSL	10	28,380
LED Driver	57	17,727
Income from electricity fees of solar power plant	1,992	16,176
Energy Storage	-	58,792
Miscellaneous	542	8,777
Minus: Return of sales		(258)
Sale discount		(7)
		<u><u>\$ 480,746</u></u>

Billion Electric Co., Ltd.
Detailed statement of operating costs
January 1 to December 31, 2022

Unit: Thousands NTD

<u>Item</u>	<u>Amount</u>
Beginning amount of goods	\$ 11,957
Plus: purchase in the current period	45,027
Minus: ending amount of goods	<u>(4,700)</u>
Cost of purchase and sales	<u>52,284</u>
Beginning amount of raw materials	82,911
Plus: materials purchased in the current period	139,416
Raw material inventory profit	46
Minus: ending amount of raw materials	(116,214)
Transfer expense	(607)
Scrapped in the current period	<u>(35)</u>
Raw materials consumed in the current period	105,517
Direct labor	8,574
Production overheads	<u>21,427</u>
Total cost of manufacturing	135,518
Plus: beginning amount of work-in-progress	12,737
Minus: ending amount of work-in-progress	<u>(6,228)</u>
Cost of finished product	142,027
Plus: beginning amount of finished products	70,178
Purchase in the current period	143,345
Finished product inventory profit	1
Minus: ending amount of finished products	(43,195)
Transfer expense	(2,475)
Scrapped in the current period	<u>(54)</u>
Cost of sales of self-made products	<u>309,827</u>
Total cost of sales	362,111
loss on valuation of inventories and bad debts	17,486
Inventory profit	(47)
Miscellaneous	415
Other operating costs	<u>8,836</u>
Total operating cost	<u><u>\$ 388,801</u></u>

Billion Electric Co., Ltd.
Detailed statement of operating expenses
January 1 to December 31, 2022

Unit: Thousands NTD

<u>Item</u>	<u>Sales expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>
Salaries and bonuses	\$ 13,311	24,124	51,960
Advertising expense	3,205	67	-
Labor expense	1,211	6,854	3,672
Insurance expense	1,285	2,519	4,914
Depreciation	817	2,340	3,894
Commission expense	4,620	-	-
Export expenses	7,273	-	-
Others (Note)	8,257	9,449	12,374
Total	<u>\$ 39,979</u>	<u>45,353</u>	<u>76,814</u>

Note: Each item does not exceed 5% of the balance of this account.

Statements

The Company's Consolidated Financial Statements for the Financial Year of 2022 (commencing from January 1, 2022 to December 31, 2022), which companies to be disclosed under the Consolidated Financial Statements of Affiliates in accordance with the “Standards for the Preparation of Business Report, Consolidated Financial Statements and Relationship Reports of Affiliates Enterprises”, are the same as the companies to be disclosed under the Consolidated Financial Statements of the Parent Company and the Subsidiaries in accordance with International Financial Reporting Standard 27, approved and ratified by the Financial Supervisory Commission. Further, the information which shall be disclosed in the Consolidated Financial Statements of Affiliates has been disclosed in the aforementioned Consolidated Financial Statements of the Parent Company and the Subsidiaries, hence the Consolidated Financial Statements of Affiliates will not be prepared separately.

It is hereby declared.

Company name: Billion Electric Co. Ltd.

Chairman: Zhong-Ting Chen

Date: March 14, 2023

Independent Auditors' Report

To: Board of Directors of Billion Electric Co., Ltd. For general public information:

Audit opinions

The Consolidated Balance Sheets of Billion Electric Co., Ltd. and its Subsidiaries (the Billion Group) as of December 31, 2022, and the Consolidated Statement of comprehensive income, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, and the Notes to the Consolidated Financial Statements (including the Summary of significant accounting policies) for the period from January 1 to December 31, 2022 have been completely audited by the Certified Public Accountant.

In our opinion, based on our audits and the reports of other auditors as described in the Other Matter section of our report, the Consolidated Financial Statements were prepared in all material aspects in accordance with the Standards for the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards and the International Accounting Standards, Interpretation and Standing Interpretations, approved and ratified by the Financial Supervisory Commission, which are sufficient to present the consolidated financial position of the Billion Group as at 31 December 2022 and the consolidated financial results and consolidated cash flows for the periods from 1 January to 31 December 2022.

Basis of Audit Opinions

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under the aforementioned standards are further described in the Auditors' Responsibilities Section of this Audited Consolidated Financial Statements and Reports. The personnel from our Certified Public Accountant Firm who are subject to the independence norms have maintained their superior independence from the Billion Group in accordance with the ethical norms of the profession of Certified Public Accountant and have fulfilled the other responsibilities under the norms. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matters

The 2021 consolidated financial report of the Billion Group was audited by other auditors, and an unqualified opinion and report of other matters were issued on March 28, 2022.

Financial statements of certain subsidiaries that are included in the Billion Group's 2022 consolidated financial statements are not audited by us, but by other auditors. Therefore, our opinions on these consolidated financial statements that is related to the financial statements of the said subsidiaries are based on audit report issued by other auditors. The total assets of the said subsidiaries amounted to NT\$83,286 thousand as of December 31, 2022, accounting for 2.52% of the total consolidated assets; the total net revenue amounted to NT\$8,510 thousand for the period from December 1 to December 31, 2022, accounting for 0.70% of the total consolidated net revenue.

An unqualified audit report and report for other matters have been issued by us and other auditors on the parent company only financial statements for the years 2022 and 2021 prepared by Billion Electric Co., Ltd., and is on file for reference.

Key Audit Matters

The key audit matters refer to the most important matters regarding the audit of the Consolidated Financial Statements of the Billion Group for the year of 2022 according to our professional judgment. These matters have been addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our audit opinion. As such, we do not express a separate opinion on these matters. The key audit matters of the Consolidated Financial Statements of Billion Group for the year of 2022 are as follows:

Authenticity of recognition of sales revenue from top ten new customer

For the accounting policies regarding the recognition of sales revenue, please refer to Note 4 (16) -- Income Recognition of the Consolidated Financial Statements; for disclosure of relevant information about sales revenue, please refer to Note 6 (26) -- Revenue from Contracts with Customers of the Consolidated Financial Statements.

Explanation of Key Audit Matters:

The principal source of income of Billion Group is income from sales of products. A portion of the income is derived from primary customers added in the current year, which has a significant impact on the overall financial statement and its main risk is whether the income actually occurs. Thus, we prioritize sales revenue in the audit of the financial statements.

How the matter was addressed in our audit:

1. Understand the aforementioned internal control of sales revenue for sales customers and evaluate and test the effectiveness of its design and execution.
2. Obtain the aforementioned list of sales customers and assess whether the relevant background, transaction amount and credit limit are reasonable for the size of the company.
3. Take a copy of sales invoice of the above sales customer as reference and select an appropriate sample, verify the external shipping documents, investigate the recipient, receivable condition and transaction condition, whether there are no significant abnormalities, to ensure the authenticity of the sales revenue.
4. The details of the income after the accounting period shall be checked for significant depreciation to confirm whether there are any significant abnormalities in revenue recognition.

Responsibility of the Management and the Governing Body for the Consolidated Financial Statements

The responsibility of Management is to prepare the Consolidated Financial Statements in accordance with the Financial Reporting Standards for Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Standing Interpretations, as approved and ratified by the Financial Supervisory Commission, and to maintain necessary internal control in connection with the preparation of the Consolidated Financial Statements, to ensure that the Consolidated Financial Statements are free from material misrepresentation due to fraud or error.

During the preparation of the Consolidated Financial Statements, the Management has the responsibilities to assess the ability of Billion Group to continue operation, disclosing relevant matters and adopting a going concern basis of accounting, unless the Management intends to liquidate Billion Group or cease operations, or there is no practicable alternative save for liquidation or cease operation.

The governance bodies (including the Audit Committee) of the Billion Group are responsible in overseeing the process of the financial reporting.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

The purpose of our audit on the Consolidated Financial Statements is to obtain a reasonable assurance as to whether the Consolidated Financial Statements as a whole contain material misstatement resulted from fraud or error, and to provide an audit report. Reasonable assurance is high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted accounting standards (GAAP) will always detect a material misstatement when it exists. Misstatements could be resulted from fraud or error. The misstated amounts are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of the users of this Consolidated Financial Statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We have also executed the following tasks:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Consolidated Financial Statements; design and carry out appropriate countermeasures for the evaluated risks; obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain the necessary understanding of the internal controls relevant to the audit to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Billion Group.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and related disclosures made by management.
4. On the basis of the verified evidence obtained, it is concluded whether there is significant uncertainty as to the appropriateness of adopting a continuing operating accounting basis for management and the events or circumstances that may cause material doubt as to the ability of Billion Group to continue operating. If we reckon that material uncertainties exist in the events or conditions, we are obliged to include in our audit report, a reminder that draws the attention of users of the Consolidated Financial Statements to relevant disclosures contained therein, or to modify our audit opinion when such disclosures are considered inappropriate. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may cause Billion Group to no longer be able to continue operating.
5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements (including relevant notes), and its fair representation of the underlying transactions and events.
6. Obtain sufficient and appropriate verification evidence of the financial information of the group's constituent entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit and the preparation of an audit opinion on the Billion Group.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identified during our audit).

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of Billion Group for the year 2022. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

CPAs:

Competent authority : Taiwan Financial Certificate (6) No.
approval number 0930106739

Jin-Guan-Zheng-Shen-Zi No. 1040003949

March 14, 2023

Billion Electric Co. Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: Thousands NTD

Assets		December 31, 2022		December 31, 2021				Liabilities and equity		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%					Amount	%	Amount	%
Current assets:													
1100	Cash and cash equivalents (Note 6(1))	\$ 578,738	18	618,117	24	2100	Short-term borrowings (Note 6(17))	\$ 262,619	8	327,360	13		
1110	Financial assets at fair value through profit or loss - current (Note 6(2))	32,391	1	102,330	4	2130	Contract liabilities - current (Note 6(26))	538,209	16	169,133	7		
1136	Financial assets at amortized cost - current (Note 6(4))	79,559	2	18,006	1	2110	Short-term promissory notes payable (Note 6(16))	6,176	-	-	-		
1140	Contract assets - current (Note 6(26))	7,576	-	-	-	2150	Notes payable	1,166	-	72	-		
1151	Notes receivable (Notes 6(5) and (26))	7,601	-	4,239	-	2170	Accounts payable (Note 7)	89,755	3	207,570	8		
1170	Net accounts receivable (Notes 6(5) and (26))	137,234	4	154,162	6	2200	Other payables (Note 6(21))	88,097	3	81,218	3		
1200	Other receivables (Note 6(6))	13,618	-	11,347	-	2230	Income tax liabilities for the current period (Note 6(22))	17,036	1	24,493	1		
1220	Income tax assets for the current period (Note 6(22))	160	-	379	-	2250	Provision for liabilities - current (Note 6(20))	9,585	-	9,426	1		
130X	Inventories (Note 6(7))	326,343	10	401,471	16	2280	Lease liabilities - current (Note 6(19))	18,186	1	6,955	-		
1470	Other current assets (Note 6(15))	57,332	2	33,801	1	2320	Long-term borrowings due within one year (Note 6(18))	30,152	1	8,841	-		
1482	Contract performance costs - current (Note 6(26))	382,897	12	16,818	1	2300	Other current liabilities	10,917	-	4,614	-		
	Total current assets	<u>1,623,449</u>	<u>49</u>	<u>1,360,670</u>	<u>53</u>		Total current liabilities	<u>1,071,898</u>	<u>33</u>	<u>839,682</u>	<u>33</u>		
Non-current assets							Non-current liabilities:						
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6(3))	3,797	-	3,797	-	2540	Long-term borrowings (Note 6(18))	86,175	2	78,356	3		
1535	Financial assets at amortized cost - non-current (Note 6(4))	439,902	13	463,265	18	2570	Deferred income tax liabilities (Note 6(22))	30,532	1	28,246	1		
1550	Investments using the equity method (Note 6(8))	27,040	1	-	-	2580	Lease liabilities - non-current (Note 6(19))	376,607	11	59,943	2		
1600	Property, plant and equipment (Note 6(12))	706,814	22	578,560	22	2640	Net defined benefit liabilities - non-current (Note 6(21))	16,640	1	21,821	1		
1755	Right-of-use assets (Note 6(13))	392,999	12	67,059	3	2645	Guarantee deposits received	707	-	734	-		
1760	Investment property (Note 6(14))	60,680	2	61,009	2		Total non-current liabilities	<u>510,661</u>	<u>15</u>	<u>189,100</u>	<u>7</u>		
1780	Intangible assets	6,177	-	636	-		Total liabilities	<u>1,582,559</u>	<u>48</u>	<u>1,028,782</u>	<u>40</u>		
1840	Deferred income tax assets (Note 6(22))	14,932	-	16,292	1	3110	Equity (Note 6(23)):						
1900	Other non-current assets (Note 6(15))	30,651	1	35,733	1	3140	Ordinary shares capital	996,973	30	988,563	38		
	Total non-current assets	<u>1,682,992</u>	<u>51</u>	<u>1,226,351</u>	<u>47</u>		Advance receipts for ordinary shares	1,205	-	-	-		
						3200	Capital surplus	998,178	30	988,563	38		
							Retained earnings:	<u>308,439</u>	<u>9</u>	<u>301,289</u>	<u>12</u>		
						3310	Legal surplus reserve	215,979	7	213,373	8		
						3320	Special surplus reserves	75,152	2	55,830	2		
						3350	Unappropriated earnings	47,216	1	26,057	1		
								<u>338,347</u>	<u>10</u>	<u>295,260</u>	<u>11</u>		
							Other equity:						
						3410	Exchange differences on translating the financial statements of foreign operations	(6,080)	-	(24,358)	(1)		
						3420	unrealized gain or loss on financial assets measured at fair value through other comprehensive income	(41,492)	(1)	(41,492)	(1)		
						3500	Treasury shares	(25,913)	(1)	(23,017)	(1)		
							Total equity attributable to owners of the Company	1,571,479	47	1,496,245	58		
						36XX	Non-controlling interest	152,403	5	61,994	2		
							Total equity	<u>1,723,882</u>	<u>52</u>	<u>1,558,239</u>	<u>60</u>		
							Total liabilities and equity	<u>\$ 3,306,441</u>	<u>100</u>	<u>2,587,021</u>	<u>100</u>		
	Total assets	<u>\$ 3,306,441</u>	<u>100</u>	<u>2,587,021</u>	<u>100</u>								

(Please refer to the notes attached to this consolidated financial statement.)

Chairman: Zhong-Ting Chen

Manager: Hong-Zheng Chen

Accounting Supervisor: Ying-Hui Su

Billion Electric Co. Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: Thousands NTD

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating income (Notes 6(26) and 7)	\$ 1,211,418	100	1,048,947	100
5000	Operating cost (Notes 6(7), (12), (13), (21) and 7)	914,214	75	726,881	70
	Operating gross profit	297,204	25	322,066	30
	Operating expenses (Notes 6(12), (13), (19), (21), (24) and (27))				
6100	Sales expenses	78,754	7	80,922	8
6200	Administrative expenses	141,463	12	147,155	14
6300	Research and development expenses	86,540	7	92,872	9
6450	Expected credit impairment loss (reversal gain)	1,425	-	(4,336)	(1)
	Total operating expenses	308,182	26	316,613	30
	Net amount of other income and expenses (Note 6(28))				
6500	Net amount of other income and expenses	16,739	1	132	-
	Net operating profit	5,761	-	5,585	-
	Non-operating income and expenses (Notes 6(14) and (29))				
7100	Interest income	7,416	1	5,948	1
7010	Other income	14,994	1	24,182	2
7020	Other gains and losses	48,451	4	46,727	5
7050	Financial costs	(9,961)	(1)	(6,977)	(1)
7060	Share of profit or loss of subsidiaries and associates recognized under equity method	8	-	(507)	-
	Total non-operating income and expenses	60,908	5	69,373	7
7900	Net profit before tax	66,669	5	74,958	7
7951	Less: Income tax expense (Note 6(22))	15,803	1	39,434	4
8200	Net profit for the year	50,866	4	35,524	3
8300	Other comprehensive income (Note 6(22) and (23)):				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plan	3,978	-	1,613	-
8349	Less: Income tax related to non-reclassified items	796	-	323	-
	Total of items that will not be reclassified to profit or loss	3,182	-	1,290	-
8360	Items that may be subsequently reclassified to profit or loss				
8361	Exchange differences on translating the financial statements of foreign operations	24,895	2	41,339	4
8370	Share of other comprehensive income of associates recognized under equity method	-	-	1,112	-
8399	Less: Income tax related to items that may be reclassified to profit or loss	4,570	-	8,115	-
	Total of items that may be subsequently reclassified to profit or loss	20,325	2	34,336	4
8300	Other comprehensive income for the year	23,507	2	35,626	4
8500	Total comprehensive income for the year	\$ 74,373	6	71,150	7
	Net profit attributable to:				
	Owners of the parent company	\$ 39,905	3	27,004	2
	Non-controlling interest	10,961	1	8,520	1
		\$ 50,866	4	35,524	3
	Total comprehensive income attributable to:				
	Owners of the parent company	\$ 61,365	5	62,899	6
	Non-controlling interest	13,008	1	8,251	1
		\$ 74,373	6	71,150	7
	Earnings per share (NTD) (Note 6(25))				
9750	Basic earnings per share	\$ 0.41		0.28	
9850	Diluted earnings per share	\$ 0.40		0.27	

(Please refer to the notes attached to this consolidated financial statement.)

Chairman: Zhong-Ting Chen

Manager: Hong-Zheng Chen

Accounting Supervisor: Ying-Hui Su

Billion Electric Co. Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: Thousands NTD

Equity attributable to owners of the parent company

	Share capital						Retained earnings					Other equity items			Total equity attributable to owners of the Company	Non-controlling interest	Total equity
	Ordinary shares capital	Advance receipts for ordinary shares	Capital surplus	Legal surplus reserve	Special surplus reserves	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Treasury shares							
Balance as of January 1, 2021	\$ 988,563	-	295,873	212,882	51,407	4,915	269,204	(58,963)	(41,492)	(2,145)	1,451,040	31,980	1,483,020				
Net profit for the year	-	-	-	-	-	27,004	27,004	-	-	-	27,004	8,520	35,524				
Other comprehensive income for the year	-	-	-	-	-	1,290	1,290	34,605	-	-	35,895	(269)	35,626				
Total comprehensive income for the year	-	-	-	-	-	28,294	28,294	34,605	-	-	62,899	8,251	71,150				
Earnings appropriation and distribution:																	
Provision of legal reserve	-	-	-	491	-	(491)	-	-	-	-	-	-	-				
Provision of special surplus reserve	-	-	-	-	4,423	(4,423)	-	-	-	-	-	-	-				
Repurchase of treasury shares	-	-	-	-	-	-	-	-	-	(39,169)	(39,169)	-	(39,169)				
Changes in ownership interests in subsidiaries	-	-	-	-	-	(2,238)	(2,238)	-	-	-	(2,238)	21,948	19,710				
Share-based payment	-	-	5,416	-	-	-	-	-	-	18,297	23,713	1,727	25,440				
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,912)	(1,912)				
Balance as of December 31, 2021	988,563	-	301,289	213,373	55,830	26,057	295,260	(24,358)	(41,492)	(23,017)	1,496,245	61,994	1,558,239				
Net profit for the year	-	-	-	-	-	39,905	39,905	-	-	-	39,905	10,961	50,866				
Other comprehensive income for the year	-	-	-	-	-	3,182	3,182	18,278	-	-	21,460	2,047	23,507				
Total comprehensive income for the year	-	-	-	-	-	43,087	43,087	18,278	-	-	61,365	13,008	74,373				
Earnings appropriation and distribution:																	
Provision of legal reserve	-	-	-	2,606	-	(2,606)	-	-	-	-	-	-	-				
Provision of special surplus reserve	-	-	-	-	19,322	(19,322)	-	-	-	-	-	-	-				
Share of changes in associates and joint ventures recognized under equity method	-	-	32	-	-	-	-	-	-	-	32	-	32				
Repurchase of treasury shares	-	-	-	-	-	-	-	-	-	(3,181)	(3,181)	-	(3,181)				
Difference between actual acquisition or disposal of equity interest in a subsidiary and its carrying value	-	-	47	-	-	-	-	-	-	-	47	213	260				
Changes in ownership interests in subsidiaries	-	-	2,223	-	-	-	-	-	-	-	2,223	48,725	50,948				
Share-based payment	8,410	1,205	4,848	-	-	-	-	-	-	285	14,748	1,401	16,149				
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	27,062	27,062				
Balance as of December 31, 2022	\$ 996,973	1,205	308,439	215,979	75,152	47,216	338,347	(6,080)	(41,492)	(25,913)	1,571,479	152,403	1,723,882				

(Please refer to the notes attached to this consolidated financial statement.)

Chairman: Zhong-Ting Chen

Manager: Hong-Zheng Chen

Accounting Supervisor: Ying-Hui Su

Billion Electric Co. Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: Thousands NTD

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net profit before tax for the year	\$ 66,669	74,958
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation expenses	40,261	31,378
Amortization expenses	1,132	959
Expected credit impairment loss (reversal gain)	1,425	(4,336)
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	20,172	(2,632)
Interest expenses	9,961	6,977
Interest income	(7,416)	(5,948)
Dividend income	(2,375)	(2,319)
Remuneration cost for share-based payment	(12,673)	16,529
Property, plant, and equipment transferred to expenses	75	-
Share of (profit) loss of subsidiaries and associates recognized under equity method	(8)	507
Gains from disposal of property, plant and equipment	(16,895)	(132)
Net profit from disposal of investment	(22,166)	(63,404)
Loss from modification of lease contracts	156	-
unrealized gain on foreign currency exchange	(6,327)	(2,246)
Total adjustments to reconcile profit and loss	5,322	(24,667)
Net changes related to operating assets/liabilities:		
Financial assets at fair value through profit or loss	51,196	(25,783)
Contract assets	(7,576)	-
Notes receivable	(3,362)	19,912
Accounts receivable	23,731	(59,595)
Other receivables	(5,971)	(91)
Inventories	103,209	(135,976)
Other current assets	(19,751)	(23,892)
Contract performance costs	(366,079)	(14,602)
Contract liabilities - current	360,196	142,239
Notes payable	1,094	(52)
Accounts payables	(121,182)	116,529
Accounts payables - related parties	-	(11,732)
Other payables	8,317	3,179
Other current liabilities	6,272	(9,842)
Net defined benefit liabilities	(1,203)	33
Adjustments:	34,213	(24,340)

(Please refer to the notes attached to this consolidated financial statement.)

Chairman:
Zhong-Ting Chen

Manager:
Hong-Zheng Chen

Accounting Supervisor:
Ying-Hui Su

Billion Electric Co. Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: Thousands NTD

	2022	2021
Cash inflow from operating activities	\$ 100,882	50,618
Interests received	5,556	6,405
Interests paid	(10,054)	(7,014)
Income tax paid	(27,562)	(31,485)
Net cash inflow from operating activities	68,822	18,524
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	(38,190)	(25,035)
Acquisition of investments using the equity method	(27,000)	-
Disposal of subsidiaries	23,297	84,524
Acquisition of properties, plants and equipments	(181,125)	(39,249)
Disposal of properties, plants and equipments	83,582	655
Increase in other receivables	-	(7,199)
Decrease in other receivables	5,575	8,000
Acquisition of intangible assets	(5,496)	(148)
Cash inflow from merger	24,964	-
Increase in other non-current assets	(18,277)	(14,582)
Dividends received	2,375	2,319
Net cash (outflow) inflow from investment activities	(130,295)	9,285
Cash flows from financing activities:		
Increase in short-term borrowings	-	13,360
Decrease in short-term loans	(64,741)	-
Increase in short-term promissory notes payable	6,200	-
Proceeds from long-term borrowings	92,885	1,000
Repayment of long-term borrowings	(71,988)	(36,632)
Decrease in guarantee deposits received	(27)	(112)
Employee stock options exercised	12,115	-
Cost of repurchase treasury shares	(3,181)	(39,169)
Treasury shares acquired by employees	285	18,297
Disposal of equity of subsidiaries (no loss of control over the subsidiaries)	260	-
Repayment of the lease principal amount	(9,355)	(8,401)
Changes in non-controlling interests	51,089	17,798
Net cash inflow (outflow) from financing activities	13,542	(33,859)
Effect of exchange rate changes on cash and cash equivalents	8,552	(1,103)
Decrease in cash and cash equivalents for the period	(39,379)	(7,153)
Cash and cash equivalents at the beginning of the year	618,117	625,270
Cash and cash equivalents at the end of the year	\$ 578,738	618,117

(Please refer to the notes attached to this consolidated financial statement.)

Chairman:
Zhong-Ting Chen

Manager:
Hong-Zheng Chen

Accounting Supervisor:
Ying-Hui Su

Billion Electric Co. Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
2022 and 2021

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

I. Company History

Billion Electric Co. Ltd. (hereinafter referred to as the Company) was approved to be established on March 26, 1973. The main business of the Company and its subsidiaries (hereinafter referred to as the "Consolidated Company") covers the manufacture of electronic components, design, manufacture and sales of integrated digital service network (ISDN), broadband communication network terminal equipment and systems (ADSL) and broadband routers (Router), renewable energy power generation for self-use and energy technology services.

II. Date and Procedures of Authorization of Financial Statements

This consolidated financial report was approved by the Board of Directors on March 14, 2023.

III. Applicability of Newly Issued and Revised Standards and Interpretations

(I) Effect of the adoption of new and revised standards and interpretations endorsed by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The Consolidated Company has applied the following newly amended IFRS since January 1, 2022, and this has not had a significant impact on consolidated financial report.

- Amendment to IAS 16, Property, Plant and Equipment - Proceeds before Intended Use
- Amendment to IAS 37, Onerous Contracts — Cost of Fulfilling a Contract
- Improvement to IFRS 2018-2020
- Amendment to IFRS 3, Reference to the Conceptual Framework

(II) Impact of not yet adopting FSC-approved IFRS

The Consolidated Company assesses that the application of the following newly amended IFRS effective as of January 1, 2023 will not have a material impact on the financial position and financial performance.

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

- (III) New and Revised Guidelines and Interpretations Not Endorsed by FSC
Standards and interpretations issued and amended by the IASB but not yet endorsed by FSC, which may be of interest to the Consolidated Company, are as follows:

<u>New or revised guidelines</u>	<u>Main changes</u>	<u>Effective date issued by IASB</u>
Amendment to IAS 1 Classification of Liabilities as Current or Non-Current	The current IAS 1 stipulates that liabilities for which an enterprise has not unconditionally deferred the repayment period to at least twelve months after the reporting period shall be classified as current. The amendment deletes the requirement that the right should be unconditional and instead requires that the right must exist and be substantial at the end of the reporting period. The amendment clarifies how enterprise should classify the liabilities paid off by issuing its own equity instruments (such as convertible corporate bonds).	January 1, 2024

The Consolidated Company continues to assess the impact of the amendments to the above standards and interpretations on the financial position and financial performance, and the relevant impact will be disclosed upon completion of the assessment.

The Consolidated Company expects that the following other unrecognized new and amended guidelines will not have significant impacts on Consolidated Financial Reports.

- Amendment to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture
- IFRS 17 Insurance Contracts and Amendment to IFRS 17
- Amendment to IAS 1, Non-current liabilities with Covenants
- Amendment to IFRS 17, Initial Application of IFRS 17 and IFRS 9 — Comparative Information
- Amendments to IFRS 16, Lease Liability in a Sale and Leaseback

IV. Summarized Remarks on Significant Accounting Policies

The summary of significant accounting policies used in this Consolidated Financial Report is as follows. The following accounting policies have been applied consistently for all periods of presentation of this Consolidated Financial Report.

(I) Statement of Compliance

This Consolidated Financial Report has been prepared in accordance with the Financial Reporting Standards for Securities Issuers (hereinafter referred to as the “Standards”) and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretations (hereinafter referred to as the “IFRSs”) endorsed and issued by the Financial Supervisory Commission.

(II) Basis of Preparation

1. Basis of Measurement

Except for the following important items in the balance sheet, this consolidated financial report is prepared on the basis of historical costs:

- (1) Financial assets measured at fair value through profit or loss measured at fair value;
- (2) Financial assets at fair value through other comprehensive income measured at fair value;
- (3) Net defined benefit liabilities are determined by deducting the present value of benefit obligations from the fair value of pension fund assets.

2. Functional Currency and Presentation Currency

Each entity of the Company uses the currency of the primary economic environment in which it operates as its functional currency. The consolidated financial reports are presented in NT\$, the functional currency of the Company. All financial information expressed in NT\$ is expressed in thousands of NT\$.

(III) Basis of Consolidation

1. Principles of consolidated financial reports

The Consolidated Financial Reports are prepared by the Company and entities controlled by the Company (i.e., subsidiaries). When the Company is exposed to or entitled to variable returns from participation in an investee and has the ability to influence such returns through its power over such Investee, the Company controls such individual.

The financial reports of the subsidiary shall be included in the consolidated financial reports from the date on which control of the subsidiary is acquired until the date on which the control is lost. Transactions, balances and any unrealized gains and losses between consolidated companies have been completely eliminated in the preparation of consolidated financial reports. The total consolidated profit and loss of a subsidiary is attributable to the owner of the Company even if it becomes a loss balance.

Changes in the Consolidated Company's ownership interests in subsidiaries have not resulted in the loss of the controller of the subsidiaries, which is treated as an equity transaction with the owners. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to the owners of the Company.

When the Consolidated Company loses control of the subsidiary, the assets (including goodwill), liabilities and non-controlling interests of the former subsidiary will be excluded in the consolidated financial report according to the book amount of the loss of control date, and the retained investment of the former subsidiary will be re-measured at the fair value of the loss of control date. Profit or loss on disposal is the difference between (1) the sum of the fair value of the consideration received and the fair value of the retained investment in the former subsidiary at the date of loss of control, and (2) the sum of the book amounts of the subsidiary's assets (including goodwill) and liabilities and non-controlling interests at the date of loss of control. All amounts related to the subsidiary previously recognized in other comprehensive income and loss are accounted for on the same basis as the Consolidated Company would be required to apply if it were to dispose of the related assets or liabilities directly.

2. List of subsidiaries in the Consolidated Financial Statements

The subsidiaries included in this consolidated financial report are:

<u>Name of the Investment Company</u>	<u>Subsidiary</u>	<u>Nature of business</u>	<u>% of Ownership</u>		<u>Remarks</u>
			<u>2022.12.31</u>	<u>2021.12.31</u>	
The Company	BEC Technologies Inc. (hereinafter referred to as BEC Technologies)	Sales of ADSL-related products	91.76%	91.76%	
The Company	Billion Sunpower Co., Ltd.	Design, manufacturing, construction and sales business of solar power plants	100.00%	100.00%	
The Company	Billion Watts Technologies Co., Ltd. (hereinafter referred to as Billion Watts)	Distribution services of solar power plant equipment and provision of power plant maintenance services	60.26%	66.49%	Note 1
The Company	Billion Energy Storage Technologies Inc.	Energy storage sales business	100.00%	100.00%	
The Company	Billion Energy Storage Technologies Co., Ltd. (hereinafter referred to as Billion Energy Storage)	Energy storage sales business	- %	100.00%	Note 2
The Company	Pacific Solar Limited	International investment	100.00%	100.00%	Note 3
The Company	VGwatt Energy Co., Ltd. (hereinafter referred to as VGwatt)	Design, manufacturing, construction and sales business of solar power plants	51.00%	- %	Note 4
The Company	Tai Chuang Energy Co., Ltd. (hereinafter referred to as Tai Chuang)	Energy storage sales business	100.00%	- %	Note 5
BEC Technologies Inc.	BEC International, LLC	International investment	100.00%	100.00%	
BEC Technologies Inc.	Avantek Systems PTE. LTD	Cloud Software Hosting Services	74.99%	- %	Note 6
Billion Watts Technologies Co., Ltd.	Shengda Energy Storage Tech Co., Ltd. (hereinafter referred to as Shengda)	Energy storage sales business	100.00%	- %	Note 7
Billion Watts Technologies Co., Ltd.	Shengzhida Tech Co., Ltd. (hereinafter referred to as Shengzhida)	EMC software development design and sales	51.00%	- %	Note 8

<u>Name of the Investment Company</u>	<u>Subsidiary</u>	<u>Nature of business</u>	<u>% of Ownership</u>		<u>Remarks</u>
			<u>2022.12.31</u>	<u>2021.12.31</u>	
Billion Energy Storage Technologies Inc.	Shengri Energy Storage Tech Co., Ltd. (hereinafter referred to as Shengri)	Energy storage sales business	100.00%	- %	Note 9

Note 1. The Company acquired 1,716 thousand new shares and disposed of 10 thousand shares in 2022, the shareholding proportion of the Company was reduced from 66.49% to 60.26% as the cash capital increase of Billion Watts has not been subscribed according to the shareholding ratio and the employees of the merged company subscribed.

Note 2. In October 2022, the Company transferred all of its shares to Houju Energy Tech Co., Ltd., and the relevant transaction procedures have been completed.

Note 3. Pacific Solar Limited was incorporated in November 2020. As of December 31, 2022, no capital has been invested in the company.

Note 4. VGWatt was established in June 2019, and the Company acquired a 51.00% stake in December 2022, which was consolidated in the consolidated financial reports.

Note 5. Tai Chuang was established in March 2022, and the Company acquired 100.00% of its shares in December 2022 and consolidated in the consolidated financial reports.

Note 6. AVANTEK SYSTEMS was established in August 2022, and BEC Technologies invested a total of USD270 thousand to acquire 74.99% of its shares, which were incorporated in the consolidated financial reports.

Note 7. Shengda was established and completed in July 2022, and Billion Watts acquired 100.00% of the shares, which were incorporated in the consolidated financial reports.

Note 8. Shengzhida was established and completed in November 2022, and Billion Watts acquired 51.00% of the shares, which were incorporated in the consolidated financial reports.

Note 9. Shengri was established and completed in June 2022, and Billion Energy Storage Technologies Inc. acquired 100.00% of the shares, which were incorporated in the consolidated financial reports.

3. Subsidiaries not listed in consolidated financial reports: None.

(IV) Foreign currency

1. Foreign Currency Transactions

Foreign currency transactions are converted into functional currency at the exchange rate of the trading day. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items in foreign currencies are converted into functional currency at the exchange rate on that day. The exchange differences arising from conversion are usually recognized in profit or loss.

2. Foreign operating institutions

The assets and liabilities of foreign operating institutions are converted into NT\$ at the exchange rate on the reporting date; the amount of income and expenses are converted into NT\$ at the average exchange rate for the current period, and the resulting exchange difference is recognized in other comprehensive income.

When the disposal of a foreign operating institution results in loss of control or significant impact, the cumulative exchange difference associated with the foreign operating institution is fully reclassified as profit or loss. When part of the disposal includes subsidiaries of foreign operating institutions, the relevant cumulative exchange difference is pro rata re-attributed to non-controlling interests.

Foreign currency exchange gains or losses arising on monetary receivables or payables of foreign operating institutions are considered to be part of the net investment in the foreign operating institutions and are considered to be other comprehensive gains or losses if there is no repayment plan and it is not possible to repay it in the foreseeable future. For the monetary receivable or payable items of foreign operating institutions, if there is no settlement plan and it is impossible to pay off in the foreseeable future, the exchange gains and losses arising therefrom shall be regarded as part of the net investment in the foreign operating institution and recognized in other comprehensive income.

(V) Criteria for classification of current and non-current assets and liabilities

Assets that meet one of the following conditions are classified as current assets, and all other assets that are not current assets are classified as non-current assets:

1. The asset is expected to be realized in its normal operating period or is intended to be sold or consumed;
2. The asset is held primarily for the purpose of trading;
3. The asset is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or cash equivalents, unless there are other restrictions on the exchange or use of the asset to meet liabilities at least twelve months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities, and all other liabilities that are not current liabilities are classified as non-current liabilities:

1. The liability is expected to be settled during the normal operating period;
2. The liability is held primarily for the purpose of trading;
3. The liability is expected to mature within twelve months after the reporting period; or
4. Liabilities for which there is no unconditional right to defer repayment to at least twelve months after the reporting period. The terms of the liability, which may, at the option of the counterparty, result in its liquidation through the issuance of equity instruments do not affect its classification.

(VI) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents refer to short-term and highly liquid investments that can be converted into fixed amounts of cash at any time and have an insignificant risk of value change. Time deposits that meet the aforementioned definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are listed in the cash equivalents.

(VII) Financial instruments

Accounts receivable are originally recognized at the time of generation. All other financial assets and financial liabilities are recognized initially when the Company becomes a party to the contractual terms of the financial instrument. Financial assets (other than accounts receivable that do not include significant financial components) or financial liabilities that are not measured at fair value through profit or loss are originally measured at fair value plus transaction costs that are directly attributable to the acquisition or issue. Accounts receivable, excluding significant financial components, are originally measured at the transaction price.

1. Financial assets

Where the purchase or sale of financial assets conforms to customary transactions, the Consolidated Company shall consistently adopt the accounting treatment on the transaction date or delivery date for all purchases and sales of financial assets classified in the same manner.

Financial assets at the time of initial recognition are classified as: financial assets measured at the amortized cost, equity instruments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. Only when the Consolidated Company changes its business model for managing financial assets, it will reclassify all affected financial assets from the first day of the next reporting period.

(1) Financial assets at amortized cost

Financial assets are measured at amortized cost when they meet the following conditions at the same time and are not designated as measured at fair value through profit or loss:

- The financial asset is held under the operating model for the purpose of collecting contractual cash flows.
- The contractual terms of the financial asset give rise to cash flows on a specific date, which are exclusively the payment of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost by the original recognized amount plus or minus the accumulated amortization amount calculated using the effective interest method, adjusting for any allowance for losses. Interest income, exchange gains and losses on impairment are recognized in profit or loss. When derecognized, the gain or loss is included in the profit or loss.

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

Debt instrument investments that meet the following conditions at the same time, and are not designated as measured at fair value through profit or loss, are measured at fair value through other comprehensive income:

- The financial asset is held under the operating model for the purpose of collecting contractual cash flows and selling.
- The contractual terms of the financial asset give rise to cash flows on a specific date, which are exclusively the payment of principal and interest on the principal amount outstanding.

The Consolidated Company holds part of the accounts receivable under the business model for the purpose of collecting contractual cash flow and selling, so these accounts are measured at fair value through other comprehensive income. However, it is listed under the accounts receivable.

Upon initial recognition, the Consolidated Company may make an irrevocable choice to report the subsequent fair value of investment in equity instruments not held for trading in other comprehensive income. The aforementioned choices are made on an instrument-by-instrument basis.

Investments in debt instruments are subsequently measured at fair value. Interest income calculated using the effective interest method, exchange gains and losses and impairment losses are recognized in profit or loss, and the remaining net gains or losses are recognized in other comprehensive income. At the time of derecognition, the accumulated other comprehensive income amount is reclassified to profit and loss.

Investments in equity instruments are subsequently measured at fair value. Dividend income (unless it clearly represents the recovery of part of the investment cost) is recognized in profit or loss. The remaining net profit or loss is recognized as other comprehensive income and is not reclassified to profit or loss.

Dividend income from equity investments is recognized on the date when the Consolidated Company has the right to receive dividends (usually the ex-dividend date).

(3) Financial assets at fair value through profit or loss

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. At the time of original recognition, in order to eliminate or significantly reduce the improper accounting ratio, the Consolidated Company may irrevocably designate financial assets that meet the conditions of measuring at amortized cost or at fair value through other comprehensive income as the financial assets measured at fair value through profit or loss.

These assets are subsequently measured at fair value and their net profit or loss (including any dividend and interest income) is recognized in profit or loss.

(4) Assess whether the contractual cash flows are exclusively payment of principal and interest on the outstanding principal amount

For the purpose of evaluation, the principal is the fair value of a financial asset at the time of initial recognition, and the interest is composed of the following considerations: the time value of money, the credit risk related to the principal amount outstanding in a specific period, other basic lending risks and costs and profit margin.

To evaluate whether the contractual cash flow is exclusively the payment of the principal and the interest on the principal amount outstanding, the Consolidated Company considers the terms of the financial instrument contract, including evaluating whether the financial asset contains a contractual term that can change the timing or amount of the contractual cash flow such that it does not meet this condition. In the evaluation, the Consolidated Company considers:

- Any contingencies that change the timing or amount of contractual cash flow;
- The terms of the contractual coupon rate that may be adjusted, including the characteristics of the variable rate;
- Prepayment and deferral features; and
- The Consolidated Company's right of claim is limited to the terms (e.g., non-recourse characteristics) of cash flows derived from a particular asset.

(5) Impairment of financial assets

The Consolidated Company's financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, deposits and other financial assets, etc.), contract assets, debt instrument investments measured at fair value through other comprehensive income, and expected credit losses on contract assets are recognized as allowance for losses.

The following financial assets are measured in terms of the amount of expected credit losses for 12 months, and the rest are measured in terms of the amount of expected credit losses for the duration:

- Debt securities are determined to have low credit risk at the reporting date; and
- The credit risk of other debt securities and bank deposits (i.e., the risk of default during the expected duration of the financial instrument) has not increased significantly since the original recognition.

The allowance for losses on accounts receivable and contract assets is measured by the amount of expected credit losses during the duration.

When determining whether the credit risk has increased significantly since the original recognition, the Consolidated Company considers reasonable and substantiated information (obtainable without excessive cost or investment), including qualitative and quantitative information, and analysis based on the Consolidated Company's historical experience, credit assessment and forward-looking information.

If the contract payment is overdue for more than 120 days, or the borrower is unlikely to fulfill its credit obligations and pay the full amount to the Consolidated Company, the Consolidated Company considers the financial asset to be in default. unless there is reasonable and probative information showing that a later benchmark for default is more appropriate.

If the credit risk rating of a financial instrument is equivalent to the "Investment Grade" defined globally (the investment grade BBB- of Standard & Poor's, the investment grade Baa3 of Moody's, or the investment grade twA of Taiwan Ratings, or higher), the credit risk of the debt security is considered low by the Consolidated Company.

Expected credit losses during the duration refers to expected credit losses arising from all possible defaults during the expected duration of a financial instrument.

The 12-month expected credit loss refer to expected credit losses arising from possible default events of a financial instrument within twelve months after the reporting date (or a shorter period, if the expected duration of the financial instrument is shorter than twelve months).

The longest period for measuring expected credit losses is the longest contractual period over which the Consolidated Company is exposed to credit risk.

The expected credit loss is a probability-weighted estimate of credit loss during the expected duration of a financial instrument. Credit losses are measured as the present value of all cash shortfalls, which is the difference between the cash flows that the Consolidated Company would receive under the contract and the cash flows that the Consolidated Company expects to receive. Expected credit losses are discounted at the effective interest rate on the financial asset.

The Consolidated Company assesses whether financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income are credit-impaired at each reporting date. A financial asset is credit-impaired when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable information on the following matters:

- Significant financial difficulties of the borrower or issuer;
- Default, such as delay or overdue for more than 120 days;
- The Consolidated Company makes concessions to the borrower that would not otherwise be considered by the Consolidated Company for economic or contractual reasons related to the borrower's financial difficulties;
- The borrower is likely to file for bankruptcy or other financial reorganizations; or
- Disappearance of an active market for the financial asset as a result of financial difficulties.

An allowance for losses on financial assets carried at amortized cost is deducted from the asset's carrying amount. The allowance for losses on investments in debt instruments at fair value through other comprehensive income is adjusted in profit or loss and recognized in other comprehensive income (without reducing the carrying amount of the asset).

When the Consolidated Company cannot reasonably expect to recover all or part of the financial assets, it will directly reduce the total book value of its financial assets. For corporate accounts, the Consolidated Company analyzes the timing and amount of write-offs individually on the basis of whether it is reasonably expected to be recoverable. The Consolidated Company does not expect a significant reversal of the amount written off. However, written-off financial assets are still enforceable to comply with the Consolidated Company's procedures for recovering overdue amounts.

(6) Derecognition of financial assets

The Consolidated Company will derecognize the financial assets only when the contractual rights derived from the cash flows of the assets terminate, or when the financial assets have been transferred and almost all the risks and rewards of ownership of the assets have been transferred to other enterprises, or when almost all the risks and rewards of ownership have neither been transferred nor retained and control of the financial assets has not been retained. If the Consolidated Company enters into transactions to transfer financial assets, if it retains all or substantially all the risks and rewards of ownership of the transferred assets, it will continue to be recognized them in the balance sheet.

2. Financial Liabilities and Equity Instruments

(1) Classification of Liabilities or Equity

The debts and equity instruments issued by the Consolidated Company are classified as financial liabilities or equity according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

(2) Equity Transactions

An equity instrument is any contract that recognizes the Consolidated Company's residual equity after deducting all of its liabilities from its assets. Equity instruments issued by the Consolidated Company are recognized at the amount equal to the consideration received less the direct issue costs.

(3) Treasury shares

When repurchasing the equity instruments recognized by the Company, the consideration paid (including the direct attributable cost) is recognized as a decrease in equity. Repurchased shares are classified as treasury shares. Subsequent sales or reissue of treasury shares, the amount received is recognized as an increase in equity, and the surplus or loss resulting from the transaction is recognized in capital reserve or retained earnings (if the capital reserve is insufficient to offset).

(4) Financial liabilities

Financial liabilities are classified as amortized cost.

(5) Derecognition of financial liabilities

The Consolidated Company derecognizes financial liabilities when the contractual obligations have been fulfilled, cancelled or expired. When the terms of a financial liability are modified and there is a significant difference in the cash flow of the modified liability, the original financial liability shall be derecognized, and a new financial liability shall be recognized at fair value based on the modified terms.

When a financial liability is derecognized, the difference between its carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(VIII) Inventory

Inventories are measured at cost or net realizable value, whichever is lower. Costs include acquisition, production or processing costs and other costs incurred to bring them to the location and state where they are available, and are calculated using the weighted average method.

Net realizable value is the balance of the estimated selling price under normal operating conditions less the estimated cost to complete the required investment and the estimated cost to complete the sale.

(IX) Investment in Associates

Associates are Consolidated companies that have significant influences on their financial and operating policies but are not controlled or jointly controlled.

The Consolidated Company adopts the equity method for the equity of associates. By using the equity method, the original acquisition is recognized on the basis of cost, and the investment cost includes the cost of the transaction. The carrying amount of an investment in an associate includes the goodwill identified at the time of the original investment, less any accumulated impairment losses.

The consolidated financial report includes the amount of the profit and loss of each investment associates and other comprehensive income recognized by the Consolidated Company based on the proportion of equity from the date of significant influence to the date of loss of significant influence, after making adjustments consistent with the Consolidated company's accounting policies. When changes in equity of associates in non-profit or loss and other comprehensive income do not affect the Consolidated Company's shareholding ratio, the Consolidated Company will recognize the changes in equity attributable to the Consolidated Company under the shares of the associates in the capital reserve according to the shareholding ratio.

Unrealized gains and losses arising from transactions between the Consolidated Company and associates are recognized in the financial statements of the associates only to the extent unrelated to the investor's interest in the associates. When the share of losses of an affiliate that shall be recognized proportionally by the Consolidated Company is equal to or exceeds its interest in the affiliate, it ceases to recognize its losses, and only recognizes additional losses and related liabilities to the extent that statutory obligations, presumptive obligations or payments have been made on behalf of the invested company.

The Consolidated Company ceases to use the equity method as of the date when it has no investment in associates any longer, and the difference between the fair value of the retained equity and the disposal price measured at fair value and the carrying amount of the investment on the date when the equity method is ceased is recognized in the current profit or loss. For all amounts previously recognized in other comprehensive income related to the investment, the basis of accounting treatment is the same as that must be followed if the related assets or liabilities are directly disposed of by the associate, that is, if the gains or losses previously recognized in other comprehensive income are reclassified as gain or loss (or retained earnings) when the relevant assets or liabilities are disposed of,

when the enterprise stops using the equity method, the profit or loss is reclassified from equity to gain or loss (or retained earnings). If the Consolidated Company's ownership interests in associates decreases, but the equity method continues to apply, the Consolidated Company will reclassify the profit or loss related to the reduction of the ownership interests that have previously been recognized in other comprehensive income according to the above-mentioned reduction.

When the associates issue new shares, if the Consolidated Company fails to subscribe in proportion to its shareholding, thereby causing a change in the shareholding ratio and an increase or decrease in the net equity value of the investment, its capital reserve and the investment using the equity method shall be adjusted based on the increase or decrease; if this adjustment is to offset the capital reserve, but the balance of the capital reserve generated by the investment using the equity method is insufficient, its difference will be debited to retained earnings. However, if the Consolidated Company does not subscribe in proportion to its shareholding, thereby reducing its ownership interests in the associates, the amount previously recognized in other comprehensive income related to the associates is reclassified in proportion to the reduction, and its accounting treatment is based on the same basis as that required for the direct disposal of related assets or liabilities by the associates.

(X) Property, plant, and equipment

1. Recognition and measurement

Property, plant and equipment items are measured at cost minus the accumulated depreciation and any accumulated impairment. Costs include expenditures that can be directly attributable to the acquisition of assets, as well as purchases of real estate, plant and equipment denominated in foreign currency, and software purchased to integrate the functions of related equipment as part of the capitalization of such equipment.

When the service life of a material component of property, plant and equipment is different, it is treated as a separate item (the main component) of property, plant and equipment.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only when their future economic benefits are likely to flow into the Company.

3. Depreciation

Depreciation is calculated based on the cost of an asset minus its residual value and is recognized in profit or loss using a straight-line method within the estimated service life of each component.

The estimated service life for the current period and the comparative period is as follows:

- (1) Auxiliary equipment of housing and building: 5 to 55 years.
- (2) Machinery: 3 to 20 years.
- (3) Transportation facilities: 5 to 10 years.
- (4) Office equipment: 3 to 10 years.
- (5) Other equipment: 2 to 15 years.

The depreciation method, service life and residual value are reviewed by the Consolidated Company at each reporting date and adjusted as necessary.

(XI) Investment property

Investment properties refers to properties held for rent-earning or asset appreciation or both, rather than for normal business sale, production, provision of goods or services, or administrative purposes. The investment property is originally measured at cost, and subsequently measured at cost minus accumulated depreciation and accumulated impairment, and its depreciation method, service life and residual value shall be handled according to the regulations for property, plant and equipment.

Gain or loss on disposal of investment property (calculated as the difference between the net disposal price and the carrying amount of the item) is recognized in profit or loss.

Rental income from investment property is recognized in other income on a straight-line basis during the lease period. The lease incentive given is also recognized in the lease income during the lease period.

(XII) Rental

The Consolidated Company evaluates whether a contract is or contains a lease on the date of its conclusion, and if the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract is or contains a lease.

1. Lessee

The Consolidated Company recognizes the right-of-use assets and lease liabilities on the lease commencement date, and the right-of-use assets are initially measured at cost, which includes the original measured amount of the lease liability, adjusts any lease payments made on or before the lease commencement date, and adds up the original direct costs incurred and the estimated costs of dismantling and removing the underlying asset and restoring the underlying asset and its location, minus any lease incentives collected.

The right-of-use asset is subsequently depreciated by the straight-line method from the beginning of the lease to the expiration of the service life of the right-of-use asset or the expiration of the lease term. In addition, the Consolidated Company periodically assesses whether the right-of-use assets are impaired and disposes of any impairment losses that have occurred, and adjusts the right-of-use assets in the event that the lease liabilities are re-measured.

Lease liabilities are original measurements of the present value of lease benefits unpaid on the date of commencement of the lease. If the implied interest rate of the lease is easy to determine, the discount rate is the interest rate, and if it is not easy to determine, the Consolidated Company's incremental borrowing rate is used. In general, the Consolidated Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include:

- (1) Fixed payments, including in-kind fixed payments
- (2) For variable lease payments that depend on an index or rate, the index or rate on the lease commencement date is used for the original measurement;
- (3) The amount of the residual value guarantee expected to be paid; and
- (4) The exercise price or penalty payable when it is reasonably certain that the purchase option or lease termination option will be exercised.

The lease liability is subsequently accrued interest using the effective interest method, and its amount is remeasured when:

- (1) There is a change in future lease payments due to changes in the index or rate used to determine lease payments;
- (2) There is a change in the amount of residual value margin expected to be paid;
- (3) There is a change in the valuation of the underlying asset purchase option;
- (4) There is a change in the estimate of whether to exercise the extension or termination option, which changes the assessment of the lease term;
- (5) There are modifications of the subject, scope or other terms of the lease.

When the lease liability is remeasured due to the aforementioned change in the index or rate used to determine the lease payment, change in the residual value guarantee amount, and change in the evaluation of the purchase, extension or termination options, the book value of the right-of-use asset is adjusted accordingly, and when the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between it and the remeasurement amount of the lease liability is recognized in profit or loss.

The Consolidated Company presents the right-of-use assets and lease liabilities that do not meet the definition of investment property in the balance sheet as separate items.

Where an agreement contains lease and non-lease components, the Consolidated Company allocates the consideration in the contract to the individual lease components on a relative stand-alone price basis. However, when leasing land and buildings, the Consolidated Company chooses to treat the lease component and the non-lease component as a single lease component without distinguishing the non-lease components.

For short-term leases and low-value asset leases for office and other equipment leases, the Consolidated Company chose not to recognize the right-of-use assets and lease liabilities, but to recognize the relevant lease payments in expenses based on a straight-line basis during the lease period.

The Consolidated Company chooses to adopt a practical expedient approach for all rental concessions that meet all of the following conditions, and does not evaluate whether it is a lease modification:

- (1) Rent concessions incurred as a direct result of the COVID-19 epidemic;
- (2) The change in the lease payment results in the modified lease consideration being almost the same or smaller than the lease consideration before change;
- (3) Any reduction in lease payments will only affect payments that were due before June 30, 2021; and
- (4) No other terms and conditions of the lease have materially changed.

Under the practical expedient method, when rental concessions lead to changes in lease payments, the changes are recognized in profit or loss when the event or circumstance that initiates rental concessions occurs.

2. Lessor

The transaction in which the merged company is the lessor is to classify the lease contract on the date of conclusion according to whether it transfers almost all the risks and rewards attached to the ownership of the underlying asset. If so, it is classified as a finance lease, otherwise it is classified as an operating lease. At the time of evaluation, the Consolidated Company considers relevant specific indicators including whether the lease period covers the main part of the economic life of the underlying asset.

If the Consolidated Company is a sublease lessor, it handles master lease and sublease transactions separately, and evaluates the classification of sublease transactions based on the right-of-use assets generated by the master lease. If the master lease is a short-term lease and a recognized exemption applies, the sublease transaction should be classified as an operating lease.

Where the agreement includes lease and non-lease components, the Consolidated Company shall apportion the consideration in the contract according to the provisions of IFRS 15.

(XIII) Intangible assets

1. Recognition and measurement

Goodwill arising on the acquisition of a subsidiary is measured at cost minus the accumulated impairment losses.

Expenditures related to research activities are recognized as profit or loss when incurred.

Development expenditures are capitalized only when they are reliably measurable, the technical or commercial feasibility of the product or process has been achieved, future economic benefits are likely to flow to the Consolidated Company, and the Consolidated Company intends and has sufficient resources to complete the development and use or sell the asset. Other development expenses are recognized in profit or loss when incurred. After initial recognition, the capitalized development expenditure is measured at its cost minus the accumulated amortization and accumulated impairment.

The Consolidated Company's acquisition of other intangible assets with a limited service life is measured at cost minus the accumulated amortization and accumulated impairment.

2. Subsequent expenditures

Subsequent expenditures are capitalized only to the extent that they increase the future economic benefits of the related specific asset. All other expenditure is recognized in profit or loss as incurred, including internally developed goodwill and branding.

3. Amortization

Except for goodwill, amortization is calculated as the cost of the asset minus the estimated residual value and is recognized in profit or loss using the straight-line method from the time the intangible asset is ready for use over its estimated service life.

The estimated service life for the current period and the comparative period is as follows:

(1) Computer System and Software 2 to 3 years

The amortization method, service life and residual value of intangible assets are reviewed by the Consolidated Company at each reporting date and adjusted as necessary.

(XIV) Impairment of non-financial assets

At each reporting date, the Consolidated Company assesses whether there is any indication that the carrying amount of non-financial assets (other than inventories, contract assets, and deferred income tax assets) may be impaired. If there is any indication, the recoverable amount of the asset is estimated.

For the purposes of impairment testing, a group of assets whose cash inflows are largely independent of those of other individual assets or groups of assets is the smallest identifiable group of assets. The goodwill acquired by business merger is apportioned to each cash-generating unit or group of cash-generating units that are expected to benefit from the synergies of the merger.

The recoverable amount is the higher of an individual asset's or cash-generating unit's fair value minus costs of disposal and its value in use. In assessing the use value, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment losses are recognized if the recoverable amount of an individual asset or cash-generating unit is lower than its carrying amount.

Impairment losses are recognized immediately in profit or loss for the current period, and firstly reduce the carrying amount of the cash-generating unit's apportioned goodwill, and then reduce the carrying amount of each asset in proportion to the carrying amount of other assets in the unit.

Goodwill impairment losses shall not be reversed. Non-financial assets other than goodwill are reversed only to the extent that they do not exceed the carrying amount (less depreciation or amortization) determined when the asset is not recognized in the impairment loss in the previous year.

(XV) Provisions

The recognition of liability provision means that there is a current obligation due to past events, so that the Consolidated Company will likely need the outflow of resources with economic benefits in the future to pay off the obligation, and the amount of the obligation can be reliably estimated. The liability provision is discounted at a pre-tax discount rate that reflects the current market's evaluation of the time value of money and the specific risk of the liability, and the amortization of the discounted amount is recognized in interest expenses.

The reserve for guaranteed liabilities is recognized at the time of sale of goods or services and is weighted according to the probability associated with historical warranty information and all possible outcomes.

(XVI) Recognition of revenues

1. Revenue from customer contracts

Revenues are measured by the consideration to which goods or services are transferred and to which they are expected to be entitled. The Consolidated Company recognizes revenue when the control of goods or services is transferred to the customer and the performance obligations are met. The Consolidated Company's main revenues are explained as follows:

(1) Product sales revenue

Product sales revenue comes from the sale of products such as electronic components, power supply units, transformers, ISDN cards, ADSL cards and solar power plant equipment. Except that the solar plant equipment is recognized as revenue when the products arrive at the location designated by the customer, the Company recognizes the remaining products as revenue and accounts receivables at the time of shipment, when the customer has the right to fix the price and use of the products and has the primary responsibility for resale of such products, and bears the risk of obsolescence of the products. Advance receipts for product sales are recognized as contractual liabilities before the product is shipped or delivered to the customer's designated location.

No revenue is recognized during material processing as control of the processed products is not transferred.

(2) Project income

The Consolidated Company is engaged in the site development business of solar photovoltaic power system and the engineering contracting business of solar photovoltaic power system construction and other related services. As the assets are gradually controlled by the customer during the construction process, the revenue is gradually recognized over time based on the proportion of the cost incurred to date to the estimated total contract cost. The contract is a fixed consideration in which the client pays a fixed amount of money over an agreed period of time. The Consolidated Company recognises revenues only to the extent that there is a high probability that no material reversal will occur in the cumulative revenues; If the amount of recognized revenue has not been requested, it is to recognize the contract assets and transfer the contract assets to accounts receivable when there is no unconditional right to the consideration.

If it is not possible to reasonably measure the degree of completion of the performance obligations of the works contract, the contract income is recognized only to the extent of expected recoverable costs.

A liability reserve for a loss making contract shall be recognized when the Consolidated Company anticipates that the cost of fulfilling the obligations of a construction contract will inevitably exceed the economic benefits expected from the contract.

If circumstances change, the estimates of revenue, costs and degree of completion will be revised, and the resulting changes will be reflected in profit or loss during the period when management is made aware of the changes.

(3) Service income

The Consolidated Company provides project management consultancy and maintenance services and recognises related income in the financial reporting period for the provision of services. Fixed-price contracts recognize revenue based on the proportion of services actually rendered to the total services as of the reporting date, which is determined by the percentage of services performed to the total services due to be performed. Under a fixed price contract, the client pays a fixed amount of money over an agreed period of time.

(4) Revenue from sale of electricity

Recognized when power is transferred to the electrical substation at Taiwan Power Company's terminal.

2. Cost of customer contracts

Contract performance costs

If the costs incurred in fulfilling a customer contract are not covered by other standards (IAS 2 “Inventory”, IAS 16 “Property, Plant and Equipment” or IAS 38 “Intangible Assets”), the Consolidated Company will only recognize such costs in assets when they are directly related to the contract or a clearly identifiable prospective contract, will generate or strengthen resources that will be used to meet (or continue to meet) performance obligations in the future, and are expected to be recoverable.

General and administrative costs, costs of wasted materials, labor or other resources used to perform the contract but not reflected in the contract price, costs associated with fulfilled (or partially satisfied) performance obligations, and costs related to the situation that is indistinguishable from non-fulfilled performance obligations or fulfilled (or partially satisfied) performance obligations are recognized in expenses when incurred.

(XVII) Employee benefits

1. Defined contribution plans

Contribution obligations to defined contribution pension plan is recognized in expenses during the period of service performed by the employee.

2. Defined Benefit Plans

The net obligation of the Consolidated Company to the defined benefit plan is calculated by converting the future benefit amount earned by the employee's service in the current or previous period into the present value of each benefit plan, and deducting the fair value of any plan assets.

The defined benefit obligation is actuarialized annually by a qualified actuary using the estimated unit benefit method. When the results of the calculation may be beneficial to the Consolidated Company, the recognized assets are limited to the present value of any economic benefits that can be obtained in the form of returning contributions from the plan or reducing future contributions to the plan. The calculation of the present value of economic benefits takes into account any minimum funding requirements.

The remeasurement of net defined benefit liabilities, including actuarial gains and losses, return on plan assets (excluding interest), and any changes in the asset cap impact (excluding interest) are recognized immediately in other comprehensive income and accumulated in retained earnings. The Consolidated Company determines the net interest expense of net defined benefit liabilities using the net defined benefit liabilities and discount rate determined at the beginning of the annual reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

Changes in benefits associated with prior service costs or curtailment benefits or losses arising from plan modifications or curtailments are recognized immediately in profit or loss. The Company recognizes the repayment gains and losses of the defined benefit plan at the time of the repayment.

3. Other long-term employee benefits

The Consolidated Company's net obligations for other long-term employee benefits are calculated by converting the future benefits earned by employees for providing services in the current or previous periods into the present value. The re-measured amount is recognized in profit or loss as it arises.

4. Short-term employee benefits

Short-term employee benefit obligations are recognized in expense when services are provided. If the Consolidated Company has a current statutory or constructive payment obligation due to the past service provided by the employee, and the obligation can be reliably estimated, the amount is recognized in liabilities.

(XVIII) Share-based payment transactions

In the share-based payment agreement for equity delivery, the fair value on the date of grant is used to recognize the expense and increase the relative equity during the vesting period of the reward. The recognized expenses are adjusted according to the amount of rewards that are expected to meet the service conditions and non-market vesting conditions; and the final recognized amount is measured based on the amount of rewards that meet the service conditions and non-market vesting conditions at the vesting date.

The non-vesting conditions of the share-based payment rewards have been reflected in the measurement of the fair value of the share-based payment date, and the difference between the expected and actual results does not need to be verified and adjusted.

The fair value amount of the cash-delivered share appreciation rights that should be paid to employees is recognized in expenses and increases the relative liability during the period when the employee can obtain compensation unconditionally. The liability is remeasured against the fair value of the share appreciation rights at each reporting date and delivery date, and any changes are recognized in profit or loss.

Employee stock options granted by the Company to employees of its subsidiaries for settlement of the Company's equity instruments are treated as capital contributions to the subsidiaries and are measured at the fair value of the equity instruments at the date of grant and recognized as an increase in the carrying amount of the investment in the subsidiary during the vesting period, with a corresponding adjustment to capital surplus - employee stock options.

(XIX) Income tax

The income tax includes the current income tax and the deferred income tax. Current income tax and deferred income tax shall be recognized in profit or loss, except for those related to business merger, directly recognized in equity or other items related to comprehensive income.

The current income tax includes the estimated income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustment to the previous year's income tax payable or tax refund receivable.

The amount is the best estimate of the amount expected to be paid or collected at the statutory or substantive legislative rates at the reporting date.

The deferred income tax is recognized by measuring the temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and their tax base. Temporary differences arising from the following situations are not recognized in deferred income tax:

1. Assets or liabilities originally recognized in a transaction that is not a business merger, and that does not affect accounting profit and taxable income (loss) at the time of the transaction.
2. Temporary differences arising from investment in subsidiaries, associates and joint venture equity, in which case the Company can control the timing of the reversal of the temporary difference and it is very likely that the reversal will not occur in the foreseeable future;

The unused tax loss and unused income tax deduction carried forward and the deductible temporary differences are recognized in deferred income tax assets to the extent that there is a high probability that future taxable income will be available for use. They shall be re-evaluated at each reporting date, and the relevant income tax benefit shall be reduced within the scope where it is not likely to be realized; or the original reduced amount shall be reversed within the scope where it is very likely that there will be sufficient taxable income.

The deferred income tax is measured at the tax rate when the temporary difference is expected to reverse, and is based on the statutory tax rate or substantive legislative tax rate at the reporting date.

The Consolidated Company may only offset the deferred income tax assets and liabilities when the following conditions are met at the same time:

1. It has the legally enforceable right to offset the current income tax assets against current income tax liabilities; and
2. The deferred income tax assets and liabilities are related to one of the following taxpayers whose income tax is levied by the same tax authority:
 - (1) The same taxpayer; or
 - (2) Different taxpayers, but each subject intends to settle current income tax liabilities and assets on a net basis, or realize assets and settlement simultaneously, in each future period in which the significant amount of deferred income tax assets is expected to be recovered and deferred income tax liabilities are expected to be settled.

(XX) Business merger

The Consolidated Company adopts the acquisition method for each business merger, and the goodwill is measured at the fair value of the consideration transferred on the acquisition date, including the amount attributable to any non-controlling interests in the acquiree, minus the net amount of identifiable assets acquired and assumed measured (usually fair value). If the balance after deduction is negative, the Consolidated Company will reassess whether all acquired assets and all assumed liabilities have been correctly identified before recognizing the bargain purchase benefit in profit or loss.

Except for those related to the issuance of debt or equity instruments, the transaction costs related to the business merger shall be recognized in expenses of the Consolidated Company when incurred.

Among the non-controlling interests of the acquiree, if they belong to the current ownership interests and the holders are entitled to enjoy the net assets of the enterprise on a pro rata basis when the liquidation occurs, the Consolidated Company chooses the fair value on the acquisition date or at the proportional share of the recognized amount of the net assets identifiable to the acquiree by the current ownership instrument on a transaction-by-transaction basis. Other non-controlling interests are measured at their fair value as of the date of acquisition or on other bases as prescribed by the International Financial Reporting Standards as endorsed by the FSC.

(XXI) Earnings Per Share

The Company presents basic and diluted earnings per share attributable to holders of ordinary shares of the Company. The basic earnings per share of the Company are the profit or loss attributable to the holders of ordinary shares of the Company, divided by the weighted average number of ordinary shares outstanding in the current period. Diluted earnings per share are calculated after adjusting for the effect of all potential diluted ordinary shares by the gain or loss attributable to holders of the Company's ordinary shares and the weighted average number of ordinary shares outstanding.

(XXII) Segment Information

An operating division is an integral part of a consolidated company engaged in activities that may generate revenue and incur expenses. The results of all operating divisions are periodically reviewed by the main operating decision maker of the Consolidated Company to determine the allocation of resources to the division and to evaluate its performance. Separate financial information is provided for each operating division.

V. **Significant Accounting Judgments, Estimates and Key Sources of Uncertainty over Assumptions**

The Management must make judgments, estimates and assumptions in preparing the Consolidated Company only financial statement that will have an impact on the adoption of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed by management on an ongoing basis, and changes in accounting estimates are recognized in the period in which the change is made and in the affected future periods.

VI. **Remarks on Material Accounts**

(I) Cash and cash equivalents

	<u>2022.12.31</u>	<u>2021.12.31</u>
Petty cash	\$ 70	202
Bank deposits	371,220	612,824
Time deposits	76,825	5,091
Re-Purchase Bonds	<u>130,623</u>	<u>-</u>
	<u>\$ 578,738</u>	<u>618,117</u>

For disclosure of interest rate risk and sensitivity analysis of the Consolidated Company's financial assets and liabilities, please refer to Note 6 (30).

(II)	Financial assets at fair value through profit or loss - current		
		<u>2022.12.31</u>	<u>2021.12.31</u>
	Financial assets at fair value through profit or loss:		
	Non-derivative financial assets		
	Foreign Listed Stock	\$ 4,234	3,458
	Shares of TWSE/TPEX listed companies	3,297	59,587
	Fund Beneficiary Certificate	24,860	39,285
	Total	<u>\$ 32,391</u>	<u>102,330</u>

(III)	Financial assets at fair value through other comprehensive income - non-current		
		<u>2022.12.31</u>	<u>2021.12.31</u>
	Equity instruments measured at fair value through other comprehensive income:		
	Shares of domestic unlisted companies		
	Ennova Technologies, Inc.	\$ 3,797	3,797
	EcoLumina Technologies, Inc.	-	-
	MicroLinks Technology Corp.	-	-
	Dajian Internet Technology Co., Ltd.	-	-
	Total	<u>\$ 3,797</u>	<u>3,797</u>

These equity instrument investments held by the Consolidated Company are long-term strategic investments and are not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.

(IV)	Financial assets at amortized cost		
		<u>2022.12.31</u>	<u>2021.12.31</u>
	Liquid		
	Time deposits	\$ -	3,029
	Restricted bank deposits - current	79,559	14,977
		<u>\$ 79,559</u>	<u>18,006</u>
	Non-current		
	Restricted bank deposits - non-current	<u>\$ 439,902</u>	<u>463,265</u>

Please refer to Note 8 for the details of long-term and short-term borrowings and financing line guarantees by the Consolidated Company on December 31, 2022 and 2021.

(V)	Notes receivable and accounts receivable		
		<u>2022.12.31</u>	<u>2021.12.31</u>
	Notes receivable arising from operations	\$ 7,601	4,239
	Accounts receivable	138,527	154,538
	Less: Loss allowance	(1,293)	(376)
		<u>\$ 144,835</u>	<u>158,401</u>

The Consolidated Company adopts a simplified approach to the estimate the expected credit losses for all notes and accounts receivable, that is, it is measured using the expected credit losses during the lifetime, and for this purpose, these notes and accounts receivable are grouped according to the common credit risk characteristics representing the ability of customer to pay all amounts due under the terms of contract, and the loss rate established by historical and realistic information for a specific period is considered forward-looking.

Analysis of expected credit losses of notes and accounts receivable of the Consolidated Company is as follows:

	2022.12.31		
	Book amounts of notes receivable and accounts receivable	Weighted average expected credit loss ratio	Allowance lifetime expected credit losses
Not overdue	\$ 144,835	0%	-
Overdue for more than 121 days	<u>1,293</u>	100%	<u>1,293</u>
	<u>\$ 146,128</u>		<u>1,293</u>
	2021.12.31		
	Book amounts of notes receivable and accounts receivable	Weighted average expected credit loss ratio	Allowance lifetime expected credit losses
Not overdue	\$ 158,401	0%	-
Overdue for more than 121 days	<u>376</u>	100%	<u>376</u>
	<u>\$ 158,777</u>		<u>376</u>

The statement of loss changes in allowance for notes and accounts receivable of the Consolidated Company is as follows:

	2022	2021
Beginning balance	\$ 376	356
Admitted impairment loss	1,425	664
The amount written off during the year because it is not recoverable	(552)	(642)
Foreign currency conversion gains and losses	<u>44</u>	<u>(2)</u>
Ending Balance	<u>\$ 1,293</u>	<u>376</u>

On December 31, 2022 and 2021, no notes receivable and accounts receivable of the Consolidated Company have been provided as collateral.

The Consolidated Company enters into non-recourse accounts receivable sale agreements with financial institutions. Since the Consolidated Company has transferred virtually all risks and rewards to the ownership of the accounts receivable and has no ongoing participation in them, it is eligible for the exclusion of financial assets. When accounts receivable claims are derecognized, claims against financial institutions are reported to other receivables. Information relating to the accounts receivable for sale that are not due as of the reporting date is as follows:

2022.12.31						
<u>Subject to sale</u>	<u>Excluding amount</u>	<u>Amount still available in advance</u>	<u>Amount advanced</u>	<u>Amount transferred to other receivables</u>	<u>Interest Rate Range</u>	<u>Other Important Matters</u>
Export-Import Bank of the Republic of China	\$ <u>7,753</u>	-	-	<u>7,753</u>	-	Note 1, Note 2, Note 3 and Note 4
2021.12.31						
<u>Subject to sale</u>	<u>Excluding amount</u>	<u>Amount still available in advance</u>	<u>Amount advanced</u>	<u>Amount transferred to other receivables</u>	<u>Interest Rate Range</u>	<u>Other Important Matters</u>
Hua Nan Commercial Bank	\$ 13	-	-	13	-	Note 1, Note 2, Note 3 and Note 4
Export-Import Bank of the Republic of China	<u>1,518</u>	-	-	<u>1,518</u>	-	
	<u>\$ 1,531</u>	-	-	<u>1,531</u>		

Note 1. Guarantee that the underwriting subject matter transferred is lawful and valid, and that no third party may claim any rights.

Guarantee that none of the underwriting subject matter is subject to set-off, pledge or transfer prohibition, and the amount is determined as a receivable claim.

Note 2. Guarantee that the transactions of the sales contract, labor contract or other debt contracts are effected in a normal and lawful manner. And that there are in no sufficient grounds or defences to extinguish or impede the exercise of the rights of the financial institutions that undertake the acquisition to which the accounts receivable are addressed.

Note 3. Guarantee that there will be no control over the subordinate relationship or other improper commercial interests during the validity period of the current and future contracts to which the accounts receivable are addressed.

(VI) Other receivables

	<u>2022.12.31</u>	<u>2021.12.31</u>
Receivables from payment on behalf of others	\$ 163,792	147,455
Advances receivable	1,624	7,199
Business tax refund receivable	1,601	2,430
Sales receivables	7,753	1,531
Miscellaneous	2,640	187
Less: Loss allowance	<u>(163,792)</u>	<u>(147,455)</u>
	<u>\$ 13,618</u>	<u>11,347</u>

The movements of the loss allowance for other receivables of the Consolidated Company in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 147,455	149,747
Foreign currency conversion gains and losses	16,337	(2,292)
Ending Balance	<u>\$ 163,792</u>	<u>147,455</u>

For additional credit risk information, please refer to Note 6 (30).

(VII) Inventory

	<u>2022.12.31</u>	<u>2021.12.31</u>
Raw materials	\$ 91,864	78,633
Products in process	6,119	12,654
Finished products	41,822	68,672
Merchandise inventory	186,538	241,512
	<u>\$ 326,343</u>	<u>401,471</u>

Detailed statement of operating costs is as follow:

	<u>2022</u>	<u>2021</u>
Transfer of inventory sales	\$ 871,857	708,270
Loss on inventory write-down	18,790	46
Operating costs of solar power plant	23,567	18,565
Total	<u>\$ 914,214</u>	<u>726,881</u>

On December 31, 2022 and 2021, no inventory of the Consolidated Company has been provided as collateral.

(VIII) Investment accounted for using equity method

The investments of the Consolidated Company under the equity method on the reporting date are as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Associates	<u>\$ 27,040</u>	<u>-</u>

1. Associates

In December 2021, the Board of directors approved to invest in Xiajing Co., Ltd., and in January 2022, the newly invested capital of NT\$27,000 acquired 2,700 thousand shares, with a shareholding ratio of 20%.

Xiajing Co., Ltd. applied for a cash capital increase of NT\$380,286 in July 2022. As the Consolidated Company did not subscribe according to its shareholding ratio, the shareholding ratio of the Consolidated Company was reduced from 20% to 5.24%, and the Consolidated Company is still a director of Xiajing Co., Ltd.

2. Guarantee

On December 31, 2022 and 2021, the Consolidated Company's investments under the equity method are not provided as collateral.

(IX) Business merger

The Consolidated Company acquires the following companies to develop its solar energy and energy storage related business.

<u>Company Name</u>	<u>Major operating activities</u>	<u>Date of Acquisition</u>	<u>Acquisition Ratio</u>	<u>Transfer consideration fair value</u>
VGwatt Energy Co., Ltd.	Design, manufacturing, construction and sales business of solar power plants	2022.12.09	51.00%	\$ 26,025
Tai Chuang Energy Co., Ltd.	Energy storage sales business	2022.12.23	100.00%	949

The main types of transfer consideration, assets acquired and liabilities assumed on the acquisition date and the amounts admitted are as follows:

1. The fair values of the major types of transfer consideration at the acquisition date are as follows: 2022:

	<u>VGwatt Energy Co., Ltd.</u>	<u>Tai Chuang Energy Co., Ltd.</u>
Transfer Consideration		
Cash	<u>\$ 26,025</u>	<u>949</u>

2. The fair value of identifiable net assets acquired and liabilities assumed:

	<u>VGwatt Energy Co., Ltd.</u>	<u>Tai Chuang Energy Co., Ltd.</u>
Cash and cash equivalents	\$ 24,977	936
Accounts receivable and other receivables	4,438	-
Inventory	21,103	-
Other current assets	3,798	-
Property, plant, and equipment	549	-
Other non-current assets	580	14
Contract liabilities - current	(9,520)	-
Accounts payable and other payables	(7,050)	(1)
Current tax liabilities	(3,670)	-
Other current liabilities	(51)	-
Long-term loans	(8,233)	-
Total	<u>\$ 26,921</u>	<u>949</u>

3. Goodwill

The goodwill recognized as a result of the acquisition is as follows:

	<u>VGwatt Energy Co., Ltd.</u>	<u>Tai Chuang Energy Co., Ltd.</u>
Transfer Consideration	\$ 26,025	949
More: Non-controlling interest	26,921	-

Less: Fair value of identifiable net assets	<u>(52,946)</u>	<u>(949)</u>
	<u>\$ -</u>	<u>=</u>

(X) Change of ownership interest in subsidiaries

1. The changes in the Consolidated Company's interest in subsidiaries in 2022 and 2021 transactions without changing control of subsidiaries are as follows:

The Consolidated Company did not subscribe for the cash capital increase equity of Billion Watts Technologies Co., Ltd. in accordance with the shareholding ratio in May 2022, resulting in the shareholding ratio decreasing from 66.49% to 64.58%.

In September 2022, the Consolidated Company reduced its shareholding from 64.58% to 64.48% by disposing of 0.1% of its shareholding in Billion Watts Technologies Co., Ltd.

The Consolidated Company did not subscribe for the cash capital increase equity of Billion Watts Technologies Co., Ltd. in accordance with the shareholding ratio in October 2022, resulting in the shareholding ratio decreasing from 76.88% to 74.99%.

In February 2021, the shareholding ratio of the Consolidated Company decreased from 71.82% to 66.49% due to the Consolidated Company's failure to subscribe for the cash capital increase option of Billion Watts Technologies Co., Ltd. according to the shareholding ratio and the recognition of cash capital increase new shares of Billion Watts Technologies Co., Ltd. by the subsidiaries' employees.

BEC Technologies Inc., a subsidiary of the Combined Company, did not subscribe to Avantek Systems PTE on a pro rata basis in October and November 2022. LTD cash increase equity, resulting in a reduction in shareholding ratio from 76.88% to 74.99%.

(XI) Loss of control over subsidiary

The Company signed an equity transfer contract with Hou Ju Energy Technology Corporation in September 2022 and the transfer was completed on October 3, 2022. The Company sold all the equity of its subsidiary Shengqun Energy Storage Technology Co., Ltd. for NT\$ 23,452 and lost control over Shengqun after the delivery date.

The Company entered into an agreement on July 22, 2021 to become a subsidiary (Hong Kong) EG-Billion Co., Ltd. The Company completed the disposal in August 2021 and lost control of the subsidiary.

1. Consideration received

	<u>2022</u>	<u>2021</u>
	Billion Energy Storage Technologies Co., Ltd.	(Hong Kong) EG-Billion Co., Ltd.
Cash and cash equivalents	<u>\$ 23,452</u>	<u>267,768</u>

2. Assets and liabilities out of control

	<u>Billion Energy Storage Technologies Co., Ltd.</u>	<u>(Hong Kong) EG-Billion Co., Ltd.</u>
Net assets disposed	<u>\$ 1,286</u>	<u>157,873</u>

3. Profit from disposal of subsidiary

	<u>Billion Energy Storage Technologies Co., Ltd.</u>	<u>(Hong Kong) EG-Billion Co., Ltd.</u>
Consideration received	\$ 23,452	267,768
Net assets disposed	(1,286)	(157,873)
Cumulative exchange difference of reclassification of net assets of subsidiaries from equity to profit or loss due to loss of control over subsidiary	-	(46,149)
Profit from disposal of subsidiary	<u>\$ 22,166</u>	<u>63,746</u>

4. Net cash inflow from disposal of subsidiary

	<u>Billion Energy Storage Technologies Co., Ltd.</u>	<u>(Hong Kong) EG-Billion Co., Ltd.</u>
Consideration received in cash	\$ 23,452	267,768
Less: The disposal of investment funds has been received in advance	-	(182,902)
Less: Cash disposed of and cash in exchange	(155)	-
	<u>\$ 23,297</u>	<u>84,866</u>

(XII) Property, plant, and equipment

The cost and depreciation changes of the Consolidated Company's real estate, plant, and equipment are detailed as follows:

	Land	Building	Machinery and equipment	Transportation facilities	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Costs:								
Balance on January 1, 2022	\$ 198,857	157,344	319,217	6,280	31,235	74,116	-	787,049
Addition	-	1,675	52,682	810	1,412	132,777	14,661	204,017
Reclassification	-	(119)	-	-	1,031	11,466	-	12,378
Disposal	-	-	(82,137)	-	(904)	(512)	-	(83,553)
Effect of changes in currency exchange rate	1,443	5,888	-	139	765	-	-	8,235
Consolidation subject change	-	-	-	336	182	31	-	549
Balance as of December 31, 2022	\$ 200,300	164,788	289,762	7,565	33,721	217,878	14,661	928,675
Balance on January 1, 2021	\$ 194,062	158,364	313,082	7,215	31,341	46,303	-	750,367
Addition	-	926	9,084	886	489	28,599	-	39,984
Reclassification	4,997	(1,126)	-	-	-	-	-	3,871
Effect of changes in currency exchange rate	(202)	(820)	-	(16)	(107)	-	-	(1,145)
Disposal	-	-	(2,949)	(1,805)	(488)	(786)	-	(6,028)
Balance as of December 31, 2021	\$ 198,857	157,344	319,217	6,280	31,235	74,116	-	787,049
Depreciation:								
Balance on January 1, 2022	\$ -	52,303	78,312	5,066	28,968	43,840	-	208,489
Current Depreciation	-	4,188	13,369	398	811	9,826	-	28,592
Reclassification	-	-	-	-	-	(117)	-	(117)
Disposal	-	-	(15,450)	-	(904)	(512)	-	(16,866)
Effect of changes in currency exchange rate	-	928	-	116	719	-	-	1,763
Balance as of December 31, 2022	\$ -	57,419	76,231	5,580	29,594	53,037	-	221,861
Balance on January 1, 2021	\$ -	48,840	66,494	5,991	28,823	41,383	-	191,531
Current Depreciation	-	3,463	14,767	373	733	3,243	-	22,579
Reclassification	-	115	-	-	-	-	-	115
Effect of changes in currency exchange rate	-	(115)	-	(16)	(100)	-	-	(231)
Disposal	-	-	(2,949)	(1,282)	(488)	(786)	-	(5,505)
Balance as of December 31, 2021	\$ -	52,303	78,312	5,066	28,968	43,840	-	208,489
Book value:								
December 31, 2022	\$ 200,300	107,369	213,531	1,985	4,127	164,841	14,661	706,814
December 31, 2021	\$ 198,857	105,041	240,905	1,214	2,267	30,276	-	578,560

Please refer to Note 8 for the details of long-term and short-term borrowings and financing line guarantees by the Consolidated Company on December 31, 2022 and 2021.

(XIII) Right-of-use assets

Changes in the cost and depreciation of land, housing and building, and transport equipment leased by the Consolidated Company are as follows:

	<u>Land</u>	<u>Housing and building</u>	<u>Machinery and equipment</u>	<u>Transportation facilities</u>	<u>Office equipment</u>	<u>Total</u>
Costs of right-of-use assets:						
Balance on January 1, 2022	\$ 1,723	69,692	466	7,709	-	79,590
Addition	372,168	2,556	-	3,041	251	378,016
Decrease	-	(8,870)	-	(1,877)	-	(10,747)
Consolidation subject change	(34,403)	-	-	-	-	(34,403)
Balance as of December 31, 2022	<u>\$ 339,488</u>	<u>63,378</u>	<u>466</u>	<u>8,873</u>	<u>251</u>	<u>412,456</u>
Balance on January 1, 2021	\$ -	26,567	114	6,005	-	32,686
Addition	1,723	43,125	352	3,682	-	48,882
Decrease	-	-	-	(1,978)	-	(1,978)
Balance as of December 31, 2021	<u>\$ 1,723</u>	<u>69,692</u>	<u>466</u>	<u>7,709</u>	<u>-</u>	<u>79,590</u>
Depreciation of right-of-use assets:						
Balance on January 1, 2022	\$ 69	9,396	100	2,966	-	12,531
Current Depreciation	3,263	5,465	155	2,268	70	11,221
Current Decrease	-	(1,897)	-	(1,877)	-	(3,774)
Consolidation subject change	(521)	-	-	-	-	(521)
Balance as of December 31, 2022	<u>\$ 2,811</u>	<u>12,964</u>	<u>255</u>	<u>3,357</u>	<u>70</u>	<u>19,457</u>
Balance on January 1, 2021	\$ -	3,713	3	2,499	-	6,215
Current Depreciation	69	5,683	97	2,445	-	8,294
Current Decrease	-	-	-	(1,978)	-	(1,978)
Balance as of December 31, 2021	<u>\$ 69</u>	<u>9,396</u>	<u>100</u>	<u>2,966</u>	<u>-</u>	<u>12,531</u>
Book value:						
December 31, 2022	<u>\$ 336,677</u>	<u>50,414</u>	<u>211</u>	<u>5,516</u>	<u>181</u>	<u>392,999</u>
December 31, 2021	<u>\$ 1,654</u>	<u>60,296</u>	<u>366</u>	<u>4,743</u>	<u>-</u>	<u>67,059</u>

(XIV) Investment property

Investment property includes land, houses and buildings held by the Consolidated Company. The lease period of investment property under lease is from two to five years and the lessees do not have a preferential purchase right at the expiration of the lease period.

	<u>Land</u>	<u>Housing and building</u>	<u>Total</u>
Costs or deemed costs:			
Balance on January 1, 2022	\$ 43,393	25,015	68,408
Reclassification roll-in	-	119	119
Balance as of December 31, 2022	<u>\$ 43,393</u>	<u>25,134</u>	<u>68,527</u>
Balance on January 1, 2021	\$ 48,390	23,889	72,279
Reclassification roll-in	-	1,126	1,126
Reclassification roll-out	(4,997)	-	(4,997)
Balance as of December 31, 2021	<u>\$ 43,393</u>	<u>25,015</u>	<u>68,408</u>

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	<u>Land</u>	<u>Housing and building</u>	<u>Total</u>
Depreciation:			
Balance on January 1, 2022	\$ -	7,399	7,399
Current year depreciation	-	448	448
Balance as of December 31, 2022	<u>\$ -</u>	<u>7,847</u>	<u>7,847</u>
Balance on January 1, 2021	\$ -	7,009	7,009
Current year depreciation	-	505	505
Reclassification	-	(115)	(115)
Balance as of December 31, 2021	<u>\$ -</u>	<u>7,399</u>	<u>7,399</u>
Book amount:			
December 31, 2022	<u>\$ 43,393</u>	<u>17,287</u>	<u>60,680</u>
December 31, 2021	<u>\$ 43,393</u>	<u>17,616</u>	<u>61,009</u>
Fair value:			
December 31, 2022			<u>\$ 90,254</u>
December 31, 2021			<u>\$ 91,006</u>

The fair value of investment properties has not been evaluated by independent evaluators, and is only evaluated by the management of the Company with reference to the existing lease contracts and the market evidence of the transaction price of neighbouring similar property.

As of December 31, 2022 and 2021, the above investment property has been provided as a guarantee for the financing line. Please refer to Note 8 for details.

(XV) Other current assets and other non-current assets

Other current and non-current assets of the Consolidated Company are detailed as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Liquid		
Prepayment	\$ 27,460	25,995
Prepaid fees	8,629	7,156
Overpaid tax retained for offsetting future tax payable	20,157	650
Miscellaneous	1,086	-
Total	<u>\$ 57,332</u>	<u>33,801</u>
Non-current		
Prepaid equipment	\$ 10,951	28,362
Refundable deposits	19,530	6,399
Long-term prepaid fees	170	972
Total	<u>\$ 30,651</u>	<u>35,733</u>

(XVI) Short-term notes and bills payable

Details of short-term notes payable by the Consolidated Company are as follows:

2022.12.31			
	Guaranty or acceptance institution	Interest Rate Range	Amount
Commercial paper payable	International Bills Finance Co., Ltd.	1.78%	\$ 6,200
Less: discount on short-term notes and bills payable			(24)
Total			<u>\$ 6,176</u>

No short-term notes payable on December 31, 2021.

(XVII) Short-term loans

The short-term loans of the Consolidated Company are detailed as follows:

	2022.12.31	2021.12.31
Secured bank loans	<u>\$ 262,619</u>	<u>327,360</u>
Unused limit	<u>\$ 692,323</u>	<u>366,500</u>
Interest Rate Range	<u>1.78%-2.325%</u>	<u>1.33%-1.85%</u>

Please refer to Note 8 for details of the Consolidated Company's pledge of assets for bank loans.

(XVIII) Long-term loans

2022.12.31				
	Currency	Interest Rate Range (%)	Maturity year	Amount
No secured bank loans	NTD	2.175%	118	\$ 22,000
Secured bank loans	NTD	2.18%~3.95%	114-120	94,327
Less: Part due within one year				(30,152)
Total				<u>\$ 86,175</u>

2021.12.31				
	Currency	Interest Rate Range (%)	Maturity year	Amount
Secured bank loans	NTD	1.72%~1.85%	117-124	\$ 87,197
Less: Part due within one year				(8,841)
Total				<u>\$ 78,356</u>

Please refer to Note 8 for details of the Consolidated Company's pledge of assets for bank loans.

(XIX) Lease liabilities

The book amounts of the Consolidated Company's lease liabilities are as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Liquid	\$ 18,186	6,955
Non-current	\$ 376,607	59,943

For maturity analysis, please refer to Note 6(30) Financial Instruments.

The amounts recognized to profit and loss are as follows:

	<u>2022</u>	<u>2021</u>
Interest expense on lease liabilities	\$ 2,115	741
Changes in lease not included in the measurement of lease liabilities	\$ 1,747	1,639
Short-term rental expense	\$ 3,031	1,883
Charges on low-value leasehold assets (excluding low-value leases on short-term leases)	\$ 315	580

The amounts recognized in the cash flow statement are as follows:

	<u>2022</u>	<u>2021</u>
Total cash outflows from leases	\$ 16,563	13,244

1. Rental of housing and building and transport equipment

The Consolidated Company leases the land for energy storage project, and the lease period is ten to sixteen years and six months.

The Consolidated Company leases houses and building roofs for the construction of solar power plants for a period of twenty years.

The Consolidated Company leases houses, buildings and transportation equipment for general operating activities, usually for a period of two to ten years.

2. Other leases

The Consolidated Company leases office equipment, etc., and such leases are short-term and low-value leases. The Consolidated Company chooses to apply the exemption recognition provisions instead of recognizing the relevant right-of-use assets and lease liabilities.

(XX) Provision for liabilities - current

	<u>2022.12.31</u>	<u>2021.12.31</u>
Subsidy for equity transaction	<u>\$ 9,585</u>	<u>9,426</u>

Due to operational needs and for the purpose of revitalizing asset utilization, on August 3, 2017, the Board of Directors approved the resolution for the Consolidated Company to sell 70% of its shares in EG-Billion Electronics (Dongguan) Co., Ltd. to HCR Technology (Hong Kong) Ltd. The equity disposal transaction was completed in November 2018, except that EG-Billion Electronics (Dongguan) Co., Ltd. was still in negotiations with Shizuo Town Industrial Development Co., Ltd. over the integrated service fees.

In December 2019, (Hong Kong) EG-Billion Co., Ltd. and HCR Technology (Hong Kong) Ltd. reached a supplementary agreement on the contents of the above agreement. The maximum amount of the above compensation shall not exceed RMB 2,170 thousand. The disposal of (Hong Kong) EG-Billion Co., Ltd. will be completed by the Company in August 2021, so the change for equity transactions will be borne by the Company.

(XXI) Employee benefits

1. Defined Benefit Plans

The adjustment between the present value of welfare obligations and the fair value of plan assets determined by the Consolidated Company is as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Present value of defined benefit obligations	\$ 38,773	40,812
Fair value of plan assets	(22,133)	(18,991)
Net defined benefit liabilities	<u>\$ 16,640</u>	<u>21,821</u>

(1) Plan assets composition

The pension funds allocated by the Consolidated Company under the Labor Standard Method shall be under the overall management of the Labor Fund Utilization Bureau of the Ministry of Labor (hereinafter referred to as Labor Fund Bureau). According to the "Measures for the Preservation and Utilization of the Income and Expenditure of the Labor Pension Fund", the minimum return of the annual distribution of the final accounts of the fund shall not be less than the return calculated on the two-year fixed deposit rate of the local bank.

As of the reported date, the balance of the special account of the Bank of Taiwan for labor retirement reserve of the Consolidated Company is NT\$22,135. For information on the asset management of the Labour Pension Fund, including the fund yield and fund asset allocation, please refer to the website of the Labor Fund Utilization Bureau of the Ministry of Labour.

(2) Changes in present value of defined benefit obligations

The present value changes of the Consolidated Company's benefit obligations in 2022 and 2021 are determined as follows:

	<u>2022</u>	<u>2021</u>
The present value of the benefit obligation is determined as of January 1	\$ 40,812	41,765
Current service cost and interest	462	412
Long-service bonuses	9	35
Net defined benefit liability remeasure		
- Actuarial losses arising from changes in financial assumptions	(3,370)	(313)
- Actuarial benefit of experience adjustment	885	(1,012)
Benefits to be paid	(25)	(75)
The present value of the benefit obligation is determined as of December 31	<u>\$ 38,773</u>	<u>40,812</u>

(3) Changes in fair value of plan assets

The changes in the fair value of the assets of the Consolidated Company's defined benefit plan for 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets as of January 1	\$ 18,991	18,364
Interest income	111	81
Net defined benefit liability remeasure		
- Return on planned assets (excluding current interest)	1,493	288
Amount already allocated to the plan	1,538	258
Fair value of plan assets as of December 31	<u>\$ 22,133</u>	<u>18,991</u>

(4) Expenses recognized as profit or loss

Details of costs and expenses reported by the Consolidated Company for 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Current service cost	\$ 227	229
Net interest on net defined benefit liabilities	124	102
	<u>\$ 351</u>	<u>331</u>

- (5) Remeasurement of net definable benefit liabilities admitted as other comprehensive gains and losses

The cumulative pre-tax remeasurement of the Consolidated Company's net defined benefit liabilities to other comprehensive income and loss is as follows:

	<u>2022</u>	<u>2021</u>
Accumulated balance as of January 1	\$ 11,026	9,413
Recognized in the current period	<u>3,978</u>	<u>1,613</u>
Accumulated balance as of December 31	<u>\$ 15,004</u>	<u>11,026</u>

- (6) Actuarial assumptions

The significant actuarial assumptions used by the Consolidated Company to determine the present value of its benefit obligations at the close of financial reporting date are as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Discount rate	1.56%	0.58%
Rate of future wage increases	1.50%	1.50%

The Consolidated Company expects to make a provision of NT\$1,549 to the defined benefit plan for one year after the reporting date of 2022.

The weighted average duration of defined benefit plans was 8.9 years.

- (7) Sensitivity Analysis

The impact of changes in the major actuarial assumptions applicable on December 31, 2022 and 2021 on the determination of the present value of benefit obligations is as follows:

	Implications for determining the present value of welfare obligations	
	<u>Assumed reduction</u>	<u>Assumed addition</u>
December 31, 2022		
Discount rate (change 0.50%)	\$ 1,634	(1,736)
Future salary (change 0.50%)	(1,626)	1,711
December 31, 2021		
Discount rate (change 0.50%)	2,085	(1,950)
Future salary (change 0.50%)	(1,925)	2,036

The above sensitivity analysis is based on the analysis of the effect of changes in a single hypothesis when other hypotheses remain constant. In practice, many assumptions may change in tandem. The sensitivity analysis is consistent with the method used to calculate the net defined benefit liability of the balance sheet.

The methods and assumptions used in the preparation of sensitivity analysis in this period are the same as in the previous period.

2. Defined contribution plans

The defined contribution plan of the Consolidated Company shall be made to the employees' pension Individual account of the Labour Insurance Bureau at the rate of 6% of the employees' monthly wages as stipulated in the employees' Pension Ordinance. There is no statutory or constructive obligation to pay any additional amount after the amount drawn by the Company under this plan has been paid to the Bureau of Labour Insurance.

The subsidiary of the Consolidated Company, BEC Technologies Inc. has a defined contribution retirement plan that provides for a percentage of employees' salaries to be contributed to their pensions.

Subsidiaries located in other regions make their contributions in accordance with the local laws and regulations.

The pension expenses under the Consolidated Company's determinate Pension Scheme for 2022 and 2021 are NT\$7,623 and NT\$7,058 respectively, which have been allocated to the Labour Insurance Bureau.

(XXII) Income tax

1. Income tax expense

The Consolidated Company's 2022 and 2021 income tax expense details are as follows:

	<u>2022</u>	<u>2021</u>
Current income tax expense		
Generated in the current period	\$ 17,553	47,919
Additional income tax on undistributed earnings	598	12
Tax refund for overseas funds returned to Taiwan	(160)	-
Adjust the current income tax of the previous period	(468)	(131)
	<u>17,523</u>	<u>47,800</u>
Deferred income tax		
Occurrence and reversal of temporary differences	(1,720)	(8,366)
Income tax expense	<u><u>\$ 15,803</u></u>	<u><u>39,434</u></u>

The income tax expense of the Consolidated Company for 2022 and 2021 as recognized under other comprehensive income and loss is as follows:

	<u>2022</u>	<u>2021</u>
Items not classified to profit or loss:		
Re-measurement of defined benefit plan	\$ (796)	(323)
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translating the financial statements of foreign operations	\$ (4,570)	(8,115)

Adjustment of the relationship between income tax expense and pre-tax net profit of the Consolidated Company in 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Net profit before tax	\$ 66,669	74,958
Income tax based on the domestic tax rate of the Company's location	\$ 13,334	14,992
The return of overseas funds to Taiwan is subject to separate taxation	(160)	-
Current taxable loss on deferred income tax assets not recognized	1,782	397
Income exemption	(3,873)	(4,790)
Capital gains tax on indirect equity transfer	-	14,158
Changes in temporary differences not recognized	4,819	14,755
Early overvaluation	(509)	(131)
Additional income tax on undistributed earnings	598	12
Effect of different tax rates on the consolidated entities	(188)	41
Income tax expense	\$ 15,803	39,434

2. Deferred income tax assets and liabilities

(1) Deferred income tax assets are not recognized

	<u>2022</u>	<u>2021</u>
Deductible temporary difference		
Expected credit impairment losses	\$ 159,960	159,960
Impairment losses	13,234	13,234
Loss carry forward	10,897	1,984
	\$ 184,091	175,178

(2) Recognized deferred tax assets and liabilities

Changes in deferred tax assets and liabilities for 2022 and 2021 are as follows:

Deferred income tax assets:

	2022				
	Beginning balance	Debit/credit income statement	Debit/credit in other comprehensive income statements		Ending Balance
Defined retirement benefit plan	\$ 4,446	(237)	(796)		3,413
Exchange differences on translating the financial statements of foreign operations	4,351	-	(4,351)		-
Unrealized gross margin	4,243	927	-		5,170
Loss on inventory write-down	2,700	3,649	-		6,349
Unrealized loss on exchange	552	(552)	-		-
	<u>\$ 16,292</u>	<u>3,787</u>	<u>(5,147)</u>		<u>14,932</u>
	2021				
	Beginning balance	Debit/credit income statement	Debit/credit in other comprehensive income statements		Ending Balance
			Miscellaneous		
Defined retirement benefit plan	\$ 4,755	14	(323)	-	4,446
Exchange differences on translating the financial statements of foreign operations	11,900	-	(8,115)	566	4,351
Unrealized gross margin	3,970	273	-	-	4,243
Loss on inventory write-down	2,609	91	-	-	2,700
Unrealized loss on exchange	1,240	(688)	-	-	552
Unrealized loss on financial instruments	47	(47)	-	-	-
Loss carry forward	26,638	(26,638)	-	-	-
	<u>\$ 51,159</u>	<u>(26,995)</u>	<u>(8,438)</u>	<u>566</u>	<u>16,292</u>

Deferred income tax liabilities:

	2022			
	Beginning balance	Debit/credit income statement	Debit/credit in other comprehensive income statements	Ending Balance
Income from foreign investment	\$ 28,246	460	-	28,706
Exchange differences on translating the financial statements of foreign operations	-	-	219	219
Unrealized gain on exchange	-	1,607	-	1,607
	\$ 28,246	2,067	219	30,532
	2021			
	Beginning balance	Debit/credit income statement	Debit/credit in other comprehensive statements	Ending Balance
Income from foreign investment	\$ 63,462	(35,216)	-	28,246
Unrealized gain on exchange	145	(145)	-	-
	\$ 63,607	(35,361)	-	28,246

3. Income Tax Approval

The income tax settlement declaration of the Company's profit-making business has been approved by the tax collecting authority until 2020.

(XXIII) Capital and other equity

1. Issue of common stock

On December 31, 2022 and 2021, the total rated capital stock of the Company is NT\$1,500,000 and 12,350 thousand shares are reserved for the use of certificates of interest at NT\$10 each for 150,000 thousand shares. The aforementioned total rated capital stock includes 99,697 thousand and 98,856 thousand ordinary shares issued respectively. All issued shares have been received.

In 2022, the Company will issue 962 thousand new shares at par value due to the exercise of the employee stock warrants, with a total amount of NT\$9,615, of which 841 thousand shares have completed the legal registration procedures, and all the shares issued have been collected.

2. Capital surplus

The balance of the Company's capital reserve is as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Premium on issuance of shares	\$ 245,628	240,271
Treasury share transactions	5,929	5,929
Treasury share transactions (transfer of employee stock options)	18,851	18,839
Difference between actual acquisition or disposal of equity interest in a subsidiary and its carrying value	21,747	21,700
Recognition of changes in all equity in subsidiaries	2,336	-
The number of changes in the net equity value of subsidiaries and associates	32	-
Consolidated overdraft	8,173	8,173
Employee stock options	3,853	4,487
Income received from gifts	1,890	1,890
	<u>\$ 308,439</u>	<u>301,289</u>

According to the Company Law, after the capital reserve is required to cover the loss preferentially, the realized capital reserve may be issued to new shares or cash in proportion to the original shares of the shareholders. The realized capital reserve referred to in the preceding paragraph includes the excess from issuing shares in excess of par value and the income from receiving gifts. In accordance with the guidelines for the treatment of issuers' offering and issuance of marketable securities, the total amount of the capital reserve appropriated for replenishment shall not exceed 10% of the paid-in capital.

3. Retained earnings

According to the Articles of Incorporation of the Company, after paying all taxes and dues according to law and making up for accumulated losses, 10% of the remaining profit of the Company after annual closing of the books shall be appropriated as the legal surplus reserve; where such legal surplus reserve amounts to the total paid-in capital of the Company, this provision shall not apply; the remainder shall be used to appropriate or reverse the special surplus reserve. If there is still remaining balance, the board of directors shall draw up an earnings distribution proposal on the balance and the accumulated undistributed earnings, and submit it to the shareholders' meeting.

The Company's dividend policy, in line with the current and future development plan, the investment environment, capital needs and domestic and foreign competition, and taking into account the shareholders' interests and other factors, is that the annual allocation of distributable earnings shall not be less than 10% of the distribution of shareholders' dividends, except that when the accumulated distributable earnings is less than 5% of the paid-in share capital, it may not be distributed; at the time of distribution of shareholders' dividends, the proportion of cash dividends in the shareholders' dividends distributed in the current year shall be not less than 5% of the total annual distribution of dividends, and the remaining cash dividends shall be distributed in the form of share dividends, but the actual distribution ratio shall be adjusted according to the actual profit and operating conditions of the current year.

(1) Legal surplus reserve

If the Company has no losses, it may, by resolution of the shareholders' meeting, issue new shares or cash out of the statutory surplus, provided that the surplus exceeds 25% of the paid-in capital.

(2) Special surplus reserves

When the Company first adopted IFRs approved by the Financial Regulatory Commission, the unrealised revaluation appreciation under shareholders' equity, the cumulative conversion adjustment (interest) and the classification of the assets in the accounts as "investment real estate" on the conversion date due to the selection of the exempted items under IFRS No. 1 "First Adoption of IFRS", If the fair value of the conversion date is taken as the recognized cost to increase the retained surplus, the same amount of special surplus reserve may be set aside in accordance with the Financial Regulatory Commission's Order No. 1010012865 issued on April 6, 2012, and surplus may be redistributed in proportion to the original special surplus reserve when the relevant assets are used, disposed of or reclassified.

In accordance with the regulations of the Financial Regulatory Commission, when distributing distributable surplus, the Company shall set aside a special surplus reserve from the current profit and loss and the undistributed surplus of the previous period for the net deduction of other shareholders' equity in the accounts of the current year; The amount of other shareholders' equity deduction accumulated in the previous period shall not be distributed the special surplus reserve of the same amount drawn from the undistributed surplus of the previous period. If there is any subsequent reversal of the amount of other shareholders' equity reduction, the surplus may be distributed in the reversal.

(3) Earnings Distribution

No dividend will be distributed to owners in the 2021 and 2020 earnings distributions as approved by the Annual Shareholders' Meeting on June 9, 2022 and August 20, 2021 respectively.

4. Treasury shares

The changes of the Company's Treasury shares in 2022 and 2021 are detailed as follows:

	2022		2021	
	Transfer of shares to employees (thousand shares)	Transfer of shares to employees (thousand NTD)	Transfer of shares to employees (thousand shares)	Transfer of shares to employees (thousand NTD)
Beginning balance	1,038	\$ 23,017	100	2,145
Repurchase in the current year	168	3,181	1,900	39,169
Transferred to Group's employees in the current year	<u>(15)</u>	<u>(285)</u>	<u>(962)</u>	<u>(18,297)</u>
Ending Balance	<u>1,191</u>	<u>\$ 25,913</u>	<u>1,038</u>	<u>23,017</u>

The number of uncanceled Treasury shares of the Company on December 31, 2022 and 2021 is 1,191 thousand and 1,038 thousand, respectively. The Treasury shares held by the Company shall not be pledged in accordance with the provisions of the Securities Exchange Law, and shall not enjoy the rights of shareholders before transfer.

5. Other equity (net of tax)

	Exchange differences on translating the financial statements of foreign operations	Unrealized appraisal gains and losses on financial assets measured at fair value through other comprehensive gains and losses	Non- controlling interest	Total
January 1, 2022	\$ (24,358)	(41,492)	61,994	(3,856)
Net profit of the term	-	-	10,961	10,961
The exchange difference resulting from the conversion of the net assets of the foreign operating institution	18,278	-	2,047	20,325
Difference between actual acquisition or disposal of equity interest in the Company and its carrying value	-	-	213	213
Change of ownership interest in subsidiaries	-	-	48,725	48,725
Share-based payment transactions	-	-	1,401	1,401
Cash capital increase	-	-	7,670	7,670
Cash dividends	-	-	(2,629)	(2,629)
Miscellaneous	<u>-</u>	<u>-</u>	<u>22,021</u>	<u>22,021</u>

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	Exchange differences on translating the financial statements of foreign operations	Unrealized appraisal gains and losses on financial assets measured at fair value through other comprehensive gains and losses	Non- controlling interest	Total
Balance as of December 31, 2022	<u>\$ (6,080)</u>	<u>(41,492)</u>	<u>152,403</u>	<u>104,831</u>
January 1, 2021	\$ (58,963)	(41,492)	31,980	(68,475)
Net profit of the term	-	-	8,520	8,520
The exchange difference resulting from the conversion of the net assets of the foreign operating institution	(12,656)	-	(269)	(12,925)
Share of the conversion difference between associates using the equity method	1,112	-	-	1,112
Dispose of foreign operating institutions	46,149	-	-	46,149
Change of ownership interest in the Company	-	-	21,948	21,948
Share-based payment transactions	-	-	1,727	1,727
Cash dividends	-	-	(1,912)	(1,912)
Balance as of December 31, 2021	<u>\$ (24,358)</u>	<u>(41,492)</u>	<u>61,994</u>	<u>(3,856)</u>

(XXIV) Share-based payment

1. As of December 31, 2022, the Company had the following three share base payment transactions:

	First employee stock option	Second employee stock option	Third employee stock option
Grant date	2020.08	2021.03	2021.06
Grant quantity	2,559	130	111
Execution price (NTD)	12.6	23.45	22.65
Contract Period	5 years	5 years	5 years
Vesting Conditions	At the end of two years, according to the specific schedule and proportion	At the end of two years, according to the specific schedule and proportion	At the end of two years, according to the specific schedule and proportion

Measurement parameters of fair value at the date of grant

The Company adopts the option evaluation model to estimate the fair value of employee stock options at the date of grant, the assumptions and fair value are summarized as follows:

	First employee stock option	Second employee stock option	Third employee stock option
Stock price on date of granting	\$ 12.60	23.45	22.65
Execution price	12.60	23.45	22.65
Expected price volatility	39.54%	50.02%	52.06%
Expected duration (years)	3.5~4.5	3.5~4.5	3.5~4.5
Expected dividend rate	- %	- %	- %
Risk-free interest rate	0.5130%	0.0970%	0.1320%

Information about the employee stock option plan

(in thousand of units)

	2022		2021	
	Weighted average performance price (NTD)	Number of warrants	Weighted average performance price (NTD)	Number of warrants
Shares outstanding as of January 1	\$ 13.49	2,579	12.60	2,554
Amount granted in the current period	-	-	23.08	241
Amount lost in the current period	12.60	(100)	13.70	(216)
Amount executed in the current period	12.60	(962)	-	-
Shares outstanding as of December 31	14.11	1,517	13.49	2,579
Executable quantity as of December 31	12.60	159	-	-

The Company's outstanding stock options are as follows:

	2022.12.31	2021.12.31
Execution price range (NTD)	\$12.60~\$23.45	\$12.60~\$23.45
Weighted average remaining contract period (years)	2.61~3.47	3.61~4.47

Employee expenses

	<u>2022</u>	<u>2021</u>
Expenses incurred due to employee warrants	<u>\$ 2,658</u>	<u>3,352</u>

2. The Company's stock payment basis Treasury stock transfer employee information in August 2022 and August 2021 is as follows:

Measurement parameters of fair value at the date of grant

	<u>2022</u>	<u>2021</u>
Stock price on date of granting	\$ 19.10	21.30
Execution price	19.02	19.02
Expected volatility	42.370%	42.564%
Expected duration	0.05 to 0.53 years	22 days
Risk-free interest rate	1.220%	0.132%

Information on transfer of treasury shares

The Company transferred 40 thousand Treasury shares and 962 thousand Treasury shares to employees in 2022 and 2021, respectively.

	<u>2022</u>		<u>2021</u>	
	<u>Weighted average exercise price</u>	<u>Number of shares (thousands)</u>	<u>Weighted average exercise price</u>	<u>Number of shares (thousands)</u>
Shares outstanding as of January 1	\$ -	-	-	-
Amount granted in the current period	19.02	40	19.02	962
Amount executed in the current period	19.02	<u>(15)</u>	19.02	<u>(962)</u>
Shares outstanding as of December 31	19.02	<u>25</u>	19.02	<u>-</u>
Executable quantity as of December 31		<u>25</u>		<u>-</u>

The weighted average share price of treasury stocks transferred by the Company in 2022 and 2021 was NT\$1.81 and NT\$2.43, respectively.

The expenses incurred by the Consolidated Company in 2022 and 2021 due to the transfer of treasury shares paid on a share basis were NT\$72 and NT\$2,338 respectively.

3. In October 2022 and February 2021, the following two share base payment transactions occurred in the consolidated subsidiary Billion Watts Technologies Co., Ltd.:

	First employee stock option warrants	The second cash seasoned equity offering is reserved for employee subscription
Grant date	2022.10	2021.2
Grant quantity	700	914
Execution price (NTD)	\$23	15
Contract Period	1 year	5 years
Vesting Conditions	Immediate acquisition	Immediate acquisition

Measurement parameters of fair value at the date of grant

The consolidated subsidiary Billion Watts Technologies Co., Ltd. uses the Black-Scholes option evaluation model to estimate the fair value of the payment to the daily share basis, assuming that the information and fair value are summarized as follows:

	First employee stock option warrants	The second cash seasoned equity offering is reserved for employee subscription
Expected price volatility	41.34%	38.73%
Risk-free interest rate	1.35%	0.632%
Weighted average fair value per share of stock options (NT\$)	\$ 1.456	1.59

Expected volatility is based on the weighted average historical volatility adjusted for changes expected as a result of publicly available information; The duration of the stock option shall be stipulated in each of the Company's issuing measures; The risk-free rate is based on government bonds.

Employee expenses

	2022	2021
Expenses incurred due to employee warrants	\$ 1,019	1,453

4. The consolidated subsidiary, BEC Technologies Inc. has resolved to adopt the Phantom Stock plan to reward key employees, and to pay the employees in cash as the employee reaches a certain period of service in the future, the amount of which is measured based on the fair value of BEC Technologies Inc. shares on the delivery date.

The expenses incurred by the consolidated company for 2022 and 2021 due to employee virtual stock will be (NT\$16,422) and NT\$9,386 respectively.

(XXV) Earnings Per Share

The Company's basic and diluted earnings per share are calculated as follows:

1. Basic earnings per share

- (1) Net income attributable to holders of common equity of the Company

	<u>2022</u>	<u>2021</u>
Net income attributable to the Company for the period	<u>\$ 39,905</u>	<u>27,004</u>

- (2) Weighted average number of common shares outstanding

	<u>2022</u>	<u>2021</u>
Weighted average number of common shares outstanding	<u>\$ 98,038</u>	<u>97,568</u>

Unit: thousands

2. Diluted earnings per share

- (1) Net income attributable to holders of common equity of the Company (Diluted)

	<u>2022</u>	<u>2021</u>
Net income attributable to holders of common equity of the Company (Diluted)	<u>\$ 39,905</u>	<u>27,004</u>

- (2) Weighted average number of common shares outstanding (Diluted)

	<u>2022</u>	<u>2021</u>
Weighted average number of common shares outstanding (Basic)	98,038	97,568
Effect of dilutive potential common shares		
Effect of employee stock options	580	937
Effect of employee stock compensation	99	113
Weighted average number of common shares outstanding (Diluted)	<u>98,717</u>	<u>98,618</u>
	<u>2022</u>	<u>2021</u>
Basic earnings per share	<u>\$ 0.41</u>	<u>0.28</u>
Diluted earnings per share	<u>\$ 0.40</u>	<u>0.27</u>

(XXVI) Revenue from customer contracts

1. Subdivision of income

	<u>2022</u>	<u>2021</u>
Key regional markets:		
Asia	\$ 818,278	493,859
Americas	363,216	516,308
Other countries	29,924	38,780
	<u>\$ 1,211,418</u>	<u>1,048,947</u>
Key products:		
Product sales revenue		
Power plant equipment	\$ 416,078	347,496
Communication electronic equipment	385,885	532,585
Energy storage equipment	180,390	799
Power supply equipment	186,152	130,089
Revenue from sale of electricity	42,913	37,978
	<u>\$ 1,211,418</u>	<u>1,048,947</u>

2. Contract balance

	<u>2022.12.31</u>	<u>2021.12.31</u>	<u>2021.1.1</u>
Notes receivable	\$ 7,601	4,239	24,151
Accounts receivable	138,527	154,538	95,452
Less: Loss allowance	(1,293)	(376)	(356)
	<u>\$ 144,835</u>	<u>158,401</u>	<u>119,247</u>
Contract performance costs	<u>\$ 382,897</u>	<u>16,818</u>	<u>2,216</u>
Contract asset- flow	<u>\$ 7,576</u>	-	-
Contractual liabilities - current	<u>\$ 538,209</u>	<u>169,133</u>	<u>26,990</u>

Please refer to Note 6 (5) for detailed disclosure of accounts receivable and their impairments.

Contractual liabilities are primarily derived from proceeds received on product sales contracts, which the Consolidated Company will carry forward when products are delivered to customers.

(XXVII) Remuneration to employees and directors

In accordance with the Articles of Incorporation of the Company, if there is any profit in a year, the compensation of employees and directors shall be set aside at a rate of no less than 2% and no more than 3% respectively according to the pre-tax profit of the year before deducting the compensation of employees and directors. However, if the Company still has accumulated losses, it shall reserve the compensatory amount in advance. To whom stock or cash is paid, including employees of affiliated companies who meet certain conditions.

The estimated compensation for employees of the Company in 2022 and 2021 is NT\$2,500 and NT\$2,577 respectively, and the estimated compensation for directors is NT\$360 and NT\$486 respectively, based on the amount of the Company's net profit before tax deducting employee and director compensation for each period multiplied by the allocation of employee and director compensation as stipulated in the Articles of Incorporation. Operating expenses for 2022 and 2021 are reported side by side. The employee and director compensation as determined by the foregoing Board of Directors does not differ from the estimated amount in the Company's consolidated financial reports for 2022 and 2021, and relevant information is available on the Open Information Observatory.

(XXVIII) Net amount of other income and expenses

Other net income and expense details of the Consolidated Company for 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Gains from disposal of property, plant and equipment	\$ 16,895	132
Lease modification loss	(156)	-
	<u>\$ 16,739</u>	<u>132</u>

(XXIX) Non-operating revenue and expenses

1. Interest income

The Consolidated Company's 2022 and 2021 interest income details are as follows:

	<u>2022</u>	<u>2021</u>
Bank interest	\$ 7,335	5,948
Other interest income	81	-
	<u>\$ 7,416</u>	<u>5,948</u>

2. Other income

The Consolidated Company's 2022 and 2021 other income details are as follows:

	<u>2022</u>	<u>2021</u>
Rental income	\$ 7,644	5,766
Dividend income	2,375	2,319
Government subsidy income	-	11,766
Other income	4,975	4,331
	<u>\$ 14,994</u>	<u>24,182</u>

3. Other gains and losses

The Consolidated Company's 2022 and 2021 other benefits and losses details are as follows:

	<u>2022</u>	<u>2021</u>
Disposal of investment interests	\$ 22,166	63,404
Gains (loss) on foreign currency exchange	50,763	(18,772)
Profit (loss) on financial assets measured at fair value through profit and loss	(20,172)	2,632
Miscellaneous	(4,306)	(537)
	<u>\$ 48,451</u>	<u>46,727</u>

4. Financial costs

The Consolidated Company's 2022 and 2021 financial costs details are as follows:

	<u>2022</u>	<u>2021</u>
Interest on bank loans	\$ 6,723	6,236
Interest on lease liabilities	2,115	741
Interest on other loans	1,029	-
Interest on short-term notes and bills payable	94	-
	<u>\$ 9,961</u>	<u>6,977</u>

(XXX) Financial instruments

1. Credit risk

(1) The amount of the maximum credit risk

The book amount of financial assets and contractual assets represents the maximum credit storm risk amount.

(2) Concentration of credit risk

As of December 31, 2022 and 2021, 2.00% and 54.00% of the balance of accounts receivable of the Consolidated Company are composed of the five customers before the Consolidated Company, respectively, resulting in a significant concentration of credit risk of the Company.

(3) Credit risk of receivables

Please refer to Note 6 (5) for detailed credit risk storm information on notes receivable and accounts receivable.

Other financial assets measured at amortized cost include other receivables, restricted deposits and certificates of deposit.

The above are financial assets with low credit risk, and therefore the allowance for losses for the period is measured by the amount of expected credit loss for the twelve-month period (please refer to Note 4 (7) for a description of how the Consolidated Company determines low credit risk).

2. Liquidity risk

The following table shows the contract maturity dates of financial liabilities, including the impact of estimated interest.

	Carrying Amount of Investment	Contract cash flow	Within 12 months	1-5 years	More than 5 years
December 31, 2022					
Non-derivative financial liabilities					
Non-interest-bearing liabilities	\$ 179,018	179,018	178,389	629	-
Lease liabilities	394,793	454,841	25,216	121,538	308,087
Floating rate instrument	267,717	274,377	221,000	41,951	11,426
Fixed-rate instrument	117,429	120,585	83,630	36,955	-
Total	\$ 958,957	1,028,821	508,235	201,073	319,513
December 31, 2021					
Non-derivative financial liabilities					
Non-interest-bearing liabilities	\$ 288,860	288,860	288,264	596	-
Lease liabilities	66,898	74,866	8,404	32,989	33,473
Floating rate instrument	414,557	428,681	342,456	45,494	40,731
Total	\$ 770,315	792,407	639,124	79,079	74,204

The Consolidated Company does not anticipate that the cash flows from the maturity analysis will occur significantly earlier or that the actual amounts will be significantly different.

3. Foreign exchange risk

(1) Exchange rate risk exposure

The financial assets and liabilities of the Consolidated Company exposed to material foreign currency exchange rate risks are as follows:

	<u>2022.12.31</u>			<u>2021.12.31</u>		
	<u>Foreign currency</u>	<u>Currency exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Currency exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 31,081	30.730	955,114	24,472	27.665	677,009
RMB	-	-	-	2,292	4.344	9,955
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	1,612	30.730	66,612	983	27.665	27,194
RMB	3,300	4.417	14,575	1,031	4.344	4,478

(2) Sensitivity analysis

The exchange rate risk of the monetary items of the Consolidated Company is mainly due to cash and equivalent cash denominated in foreign currency, accounts receivable and other receivables, borrowings, accounts payable and other payables, etc., resulting in foreign currency exchange gains and losses upon conversion. When the New Taiwan Dollar depreciates or revalues by 5% against the USD and the RMB on December 31, 2022 and 2021, all other factors being held constant, the net profit before tax in 2022 and 2021 will increase or decrease by NT\$43,696 and NT\$32,765, respectively. The two analyses are based on the same basis.

(3) Exchange gains and losses on monetary items

Due to the variety of functional currencies of the Consolidated Company, the exchange profit and loss information of monetary items is disclosed by means of integration. The profit (loss) of foreign currency exchange in 2022 and 2021 (including realized and unrealized) is NT\$50,763 and (NT\$18,772) respectively.

4. Interest Rate Analysis

Interest rate risks on the financial assets and financial liabilities of the Consolidated Company are described in the Liquidity Risk Management section of this note.

The following sensitivity analysis is based on the interest rate risk of derivative and non-derivative instruments as of the reporting date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding on the reported date is outstanding for the whole year. The rate of change used internally by the Company to report interest rates to key management is a 0.25% increase or decrease in interest rates, which also represents the management's assessment of the range of reasonably possible changes in interest rates.

If interest rates increase or decrease by 0.25%, the Company's 2022 and 2021 pre-tax net income will decrease or increase by NT\$669 and NT\$1,036, all other variables being held constant.

5. Other price risks

If daily price changes of equity securities are reported (the analysis of the two periods is based on the same basis, and other changing factors are assumed to remain unchanged), the impact on the comprehensive income and loss items is as follows:

<u>Securities prices on the reporting day</u>	<u>2022</u>		<u>2021</u>	
	Pre-tax amount of other comprehensive gains and losses	Pre-tax profit and loss	Pre-tax amount of other comprehensive gains and losses	Pre-tax profit and loss
Increase by 10%	\$ 380	753	380	6,305
Decrease by 10%	\$ (380)	(753)	(380)	(6,305)

6. Fair value and book amount

(1) Types and fair values of financial instruments

The financial assets and liabilities of the Consolidated Company measured at fair value through profit and loss and the financial assets measured at fair value through other comprehensive profit and loss are measured at fair value on a recurring basis. Book amount and fair value of various types of financial assets and financial liabilities (including fair value grade information, but the book amount of financial instruments not measured by fair value is a reasonable approximation of fair value, and leasing liabilities, according to the provisions of the fair value information is not required to disclose) are listed as follows:

	2022.12.31				
	Carrying Amount of Investment	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value	\$ 32,391	32,391	-	-	32,391
through profit or loss					
Financial assets at fair value					
through other					
comprehensive income					
Domestic unlisted (over-	3,797	-	-	3,797	3,797
the-counter) shares					
Cash and cash	578,738	-	-	-	-
equivalents					
Financial assets at	519,461	-	-	-	-
amortized cost					
Notes and accounts	144,835	-	-	-	-
receivable					
Other notes and accounts	13,618	-	-	-	-
receivable					
Subtotal	1,256,652	-	-	-	-
Total	\$ 1,292,840	32,391	-	3,797	36,188
Short-term loans	\$ 262,619	-	-	-	-
Short-term notes and	6,176	-	-	-	-
bills payable					
Notes and accounts	90,921	-	-	-	-
payable					
Other payables	88,097	-	-	-	-
Lease liabilities	394,793	-	-	-	-
(including maturity					
within one year)					
Long-term loans	116,327	-	-	-	-
(including maturity					
within one year)					
Subtotal	958,933	-	-	-	-
Total	\$ 958,933	-	-	-	-

	2021.12.31				
	Carrying Amount of Investment	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 102,330	102,330	-	-	102,330
Financial assets at fair value through other comprehensive income					
Domestic unlisted (over-the-counter) shares	3,797	-	-	3,797	3,797
Cash and cash equivalents	618,117	-	-	-	-
Financial assets at amortized cost	481,271	-	-	-	-
Notes and accounts receivable	158,401	-	-	-	-
Other notes and accounts receivable	11,347	-	-	-	-
Subtotal	1,269,136	-	-	-	-
Total	\$ 1,375,263	102,330	-	3,797	106,127
Short-term loans	\$ 327,360	-	-	-	-
Notes and accounts payable	207,642	-	-	-	-
Other payables	81,218	-	-	-	-
Lease liabilities (including maturity within one year)	66,898	-	-	-	-
Long-term loans (including maturity within one year)	87,197	-	-	-	-
Subtotal	770,315	-	-	-	-
Total	\$ 770,315	-	-	-	-

(2) Fair value evaluation technique for measuring financial instruments at fair value

(2.1) Non-derivative financial instruments

If a financial instrument has an open quotation on the active market, the fair value shall be the open quotation on the active market. The market prices announced by the major exchanges and the Central Government Bond Counter trading centres judged to be hot bonds are the basis for the fair value of listed equity instruments and debt instruments quoted in active markets.

A financial instrument is publicly quoted in an active market if it is promptly and frequently obtained from an exchange, broker, underwriter, industry association, pricing service or authority and the price represents an actual and frequent fair market trader. If the above conditions are not met, the market is deemed to be inactive. In general, a wide bid-ask spread, a significant increase in bid-ask spread or very little trading volume are indicators of an inactive market.

The fair value of the financial instruments held by the Consolidated Company in an active market is shown by class and attribute as follows:

The fair value of financial assets and liabilities, such as redeemable bonds, TWSE/TPEX listed companies shares, bills of exchange and bonds, which are subject to standard terms and conditions and are traded in the active market, shall be determined by reference to market quotations respectively.

Besides the above mentioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained by means of appraisal techniques or by reference to counterparty quotations. The fair value obtained through the evaluation technique may be calculated by reference to the current fair value of other financial instruments with similar material conditions and characteristics, the discounted cash flow method or by other evaluation techniques, including the use of models based on market information available at the reported date (e.g., the counter buying center reference yield curve, the Reuters commercial note rate average quote).

The fair value of the financial instruments held by the Consolidated Company in an inactive market is shown by class and attribute as follows:

Equity instrument without public quotation: The fair value is estimated using the market comparable company law, and its main assumption is based on the estimated earnings before interest, depreciation and amortization of investors and the earnings multiplier derived from the market quotation of comparable TWSE/TPEX listed companies. This estimate has been adjusted for the effect of the discount on the lack of market liquidity of the equity securities.

(3) Transfer between Level 1 and Level 2

There is no transfer in 2022 and 2021.

(4) Schedule of changes to Level 3

	Measured at fair value through other consolidated gains and losses
	<u>No equity instrument of open offer</u>
January 1, 2022 (i.e., closing balance)	<u>\$ 3,797</u>
January 1, 2021 (i.e., closing balance)	<u>\$ 3,797</u>

(5) Quantitative information on fair value measurement of significant unobservable inputs (Level 3)

Level 3 of the fair value measurement of the Consolidated Company mainly refers to the financial asset-equity securities investment measured by the fair value of other comprehensive profit and loss, while the domestic and foreign unlisted (over-the-counter) equity investments are calculated using the comparable listed company method to calculate the fair value of the investment bid, and the comparable listed and over-the-counter companies method refers to companies engaged in the same or similar business whose shares are traded at the transaction price of an active market, the value multipliers implied by those prices, and considers the liquidity discount to determine the value of the target company.

(XXXI) Financial risk management

1. Summary

The Consolidated Company is exposed to the following risks as a result of the use of financial instruments:

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

This note provides critical information about the risks of the Consolidated Company and the objectives, policies, and procedures of the Consolidated Company for measuring and managing risks. Please refer to the notes to this financial report for further quantitative disclosure.

2. Risk Management Architecture

The main financial instruments of the Consolidated Company include equity and debt investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Financial Administration Department of the Consolidated Company provides services to various business units, organise and coordinates access to domestic and international financial markets, supervises and manages financial risks related to the operations of the Consolidated Company through analysis of the internal risk reporting according to the risk degree and breadth. These include market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk and liquidity risk.

3. Credit risk

Credit risk is the risk of financial loss arising from the failure of the Consolidated Company to meet its contractual obligations by its customers or counterparties to financial instruments, mainly from the Consolidated Company's bank deposits and accounts receivable from its customers.

(1) Accounts receivable and other receivables

The policy adopted by the Consolidated Company is to deal only with reputable counterparties and to obtain, where necessary, adequate guarantees to mitigate the risk of financial loss arising from defaults.

(2) Investments

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the Consolidated Company's finance department. There is no material credit risk as the transaction parties and performance parties of the Consolidated Company are banks with good credit standing and financial institutions, corporate organizations and government agencies with investment grade or above.

(3) Warranty

Please refer to Note 13 for the endorsement guarantee provided by the Consolidated Company on December 31, 2022 and 2021.

4. Liquidity risk

The Consolidated Company supports its business operations and reduces cash flow fluctuation through appropriate management and the maintenance of sufficient cash and cash equivalents. The management of the Consolidated Company supervises the use of credit facility from the Banks and ensures compliance with the terms of the loan contracts.

On December 31, 2022 and 2021, the unutilized bank loan facility of the Consolidated Company is NT\$692,323 and NT\$366,500, respectively.

5. Market risks

Market risk refers to the risk that changes in market prices, such as changes in exchange rates, interest rates, and the price of equity instruments, may affect the earnings or value of the financial instruments held by the Consolidated Company. The objective of market risk management is to control the degree of market risk within an acceptable range and to optimize the return on investment.

(1) Foreign exchange risk

The Consolidated Company is exposed to exchange rate risks arising from sales, procurement and borrowing transactions denominated in non-functional currencies. The functional currency of the Consolidated Company will be the NTD. The major currencies for the transactions are NTD, USD, and RMB.

(2) Interest rate risk

The Consolidated Company holds floating rate assets and liabilities and thus generates cash flow interest rate risk. The Consolidated Company's floating rate financial assets and financial liabilities are detailed in the Liquidity Risk Management section of this note.

(XXXII) Capital Management

The Consolidated Company carries out capital management to ensure that it is able to continue operating by optimising its debt and equity balances to maximize shareholders' compensation.

The capital structure of the Company is reviewed from time to time by the Consolidated Company's key management in the light of the economic environment and business considerations. The Consolidated Company will balance its overall capital structure by methods such as paying dividends, repurchasing shares, financing and etc., as advised by the key management and in accordance with the provisions of the laws.

As of December 31, 2022, there has been no change in the way the Consolidated Company manages its capital.

(XXXIII) Investment and financing activities in non-cash transactions

1. Please refer to note 6 (13) for details on the acquisition of the right to use assets by means of lease.

2. Reconciliation of liabilities from financing activities is shown below:

	<u>2022.1.1</u>	<u>Cash flow</u>	<u>Non-cash changes and other</u>		<u>2022.12.31</u>
			<u>Increase</u>	<u>Decrease</u>	
Short-term loans	\$ 327,360	(64,741)	-	-	262,619
Short-term notes and bills payable	-	6,200	-	(24)	6,176
Long-term loans (including maturity within one year)	87,197	20,897	8,233	-	116,327
Lease liabilities (including maturity within one year)	<u>66,898</u>	<u>(9,355)</u>	<u>378,016</u>	<u>(40,766)</u>	<u>394,793</u>
Total liabilities from financing activities	<u>\$ 481,455</u>	<u>(46,999)</u>	<u>386,249</u>	<u>(40,790)</u>	<u>779,915</u>

	<u>2021.1.1</u>	<u>Cash flow</u>	<u>Non-cash changes and other</u>		<u>2021.12.31</u>
			<u>Increase</u>	<u>Decrease</u>	
Short-term loans	\$ 314,000	13,360	-	-	327,360
Long-term loans (including maturity within one year)	122,829	(35,632)	-	-	87,197
Lease liabilities (including maturity within one year)	<u>26,417</u>	<u>(8,401)</u>	<u>48,882</u>	<u>-</u>	<u>66,898</u>
Total liabilities from financing activities	<u>\$ 463,246</u>	<u>(30,673)</u>	<u>48,882</u>	<u>-</u>	<u>481,455</u>

VII. Related Party Transactions

(I) Name and Relationship of Related Parties

The parties involved in transactions with the Consolidated Company during the period covered by this consolidated financial report are as follows:

<u>Name of related party</u>	<u>Relationship with the Consolidated Company</u>
Chung-Ting Chen	For the Chairman of the Board of Directors of the Company (management level)
EG-Billion Electronics (Dongguan) Co.,Ltd.	Associates (Note)
Xiajing Co., Ltd.	Associates

Note: In August 2021, the Company disposed of the subsidiary (Hong Kong) EG-Billion Co., Ltd., so it also lost significant influence over EG-Billion Electronics (Dongguan) Co., Ltd.

(II) Major transactions with related parties

1. Operating revenue

The Consolidated Company's material sales to related parties are as follows:

<u>Related Party Type /Name</u>	<u>2022</u>	<u>2021</u>
Associates:		
Xiajing Co., Ltd.	<u>\$ 39,891</u>	<u>-</u>

Sales are made on the basis of general market conditions, and the price and payment period are not materially different from those of other manufacturers.

2. Purchase

The purchase amount of the Consolidated Company from related parties is as follows:

<u>Related Party Type /Name</u>	<u>2022</u>	<u>From January 1 to August 9, 2021</u>
Associates:		
EG-Billion Electronics (Dongguan) Co., Ltd.	<u>\$ -</u>	<u>70,792</u>

Purchases are made on the basis of general market conditions, and the price and payment period are not materially different from those of other manufacturers.

The aforesaid goods purchased between January 1 to September 30, 2021 and those include the goods sold to the Consolidated Company by Weicheng Electronics Technology Ltd. purchased from EG-Billion Electronics (Dongguan) Co., Ltd. through intermediary in NT\$70,792. The Consolidated Company was not related to Weicheng Electronics Technology Ltd.

3. Contractual liabilities

<u>Related Party Type /Name</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Associates:		
Xiajing Co., Ltd.	<u>\$ 137,522</u>	<u>-</u>

(III) Major management transactions

Compensation for major managers includes:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 16,438	19,631
Post-employment benefits	411	431
Share-based payment	<u>816</u>	<u>372</u>
	<u>\$ 17,665</u>	<u>20,434</u>

VIII. Pledged Assets

The book value details of the assets pledged by the Consolidated Company are as follows:

<u>Asset Name</u>	<u>Pledge to secure the subject matter</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Financial assets at amortized cost - current	Short-term loans and performance guarantees	\$ <u>79,559</u>	<u>14,977</u>
Financial assets at amortized cost - non-current	Repatriation of overseas funds, Notes 9 (3) agreed matters and loans	\$ <u>439,902</u>	<u>463,265</u>
Property, plant, and equipment	Long-term loans	\$ <u>167,341</u>	<u>172,829</u>
Property, plant, and equipment	Long-term loans	\$ <u>50,286</u>	<u>55,649</u>
Property, plant, and equipment	Long-term loans	\$ <u>77,015</u>	<u>134,273</u>
Investment property	Long-term loans	\$ <u>19,722</u>	<u>38,075</u>
Investment property	Long-term loans	\$ <u>8,704</u>	<u>17,055</u>
Refundable deposits	Short-term notes	\$ <u>350</u>	<u>-</u>

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingent liabilities:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Purchase of property, plant and equipment	\$ <u>9,600</u>	<u>24,035</u>

(II) As of December 31, 2022, the Consolidated Company had issued promissory notes for USD500 thousand and NT\$1,149,222 under a consolidated line of credit from financial institutions.

(III) The Company purchases on behalf of its customers, and all receivable for payment on behalf have been insured. Insurance receivable for NT\$148,442 (USD5,330 thousand) with Cathay Century Products Insurance Company on February 22, 2017, for one year, The coverage is Protracted for debtors of the company in cases of Insolvency, Protracted Default and Political risks, in which the product insurance company will bear losses incurred by the company in a ratio of 90%. The maximum liability is USD10,000 thousand each. Cathay Century Products Insurance Company declined to pay the insurance proceeds on the grounds that the payments receivable on behalf of others were disputed and did not meet the policy claims requirements.

In addition, in order to mitigate the risk of accounts receivable and consider the benefits of fund utilization, the Company entered into accounts receivable purchase contracts with financial institutions and sold the accounts receivable to the financial institutions (CTBC Bank and Taishin International Bank) without recourse conditions. The amount of sale in 2017 was NT\$435,776 (USD14,370 thousand), and the payment advanced was NT\$392,199 (USD12,933 thousand). The Company appointed a lawyer from Tong-li Attorneys-at-Law to assess that the content of the aforementioned accounts receivable purchase contracts. The content of the purchase contract is the terms common to the debt transfer contracts of general financial institutions. It is consistent to the normal content of assignment of debt in terms of the purchase price and accounts receivable, the transfer method and risk liability. However, there is still room for the definition and determination in commercial disputes of purchase contract; This is common in domestic financial cases, which will allow financial institutions

to have a large space for interpretation and play. The Company has agreed with the financial institution that as of December 31, 2022, demand deposits of NT\$12,168 and time deposits of NT\$343,755 as agreed shall not be used, and promissory notes of USD13,556 thousand and NT\$10,000 have been issued.

As above, all of the Company's above-mentioned claims have been insured or sold to financial institutions on a non-recourse basis, and the Company has continued to discuss with appointed lawyers to conduct relevant legal proceedings and litigation.

In addition, according to the contract, the Company has charged USD4,459 thousand in livery to Potevio Co Ltd and Potevio International Company Limited (hereinafter referred to as "Potevio Group") for late payment to the Company. After sending several letters urging Potevio Group to delay the payment of the account for various reasons. In June 2018, the Company appointed a lawyer to initiate arbitration against the Potevio Group for breach of contract. However, the opposing party submitted a counter-arbitration request to the South China International Economic and Trade Arbitration Commission, requesting the Company to double the refund of the performance bond paid by Potevio Group amounting to USD 469 thousand. In July 2018, the lawyer appointed by the Company assessed that the Company had fulfilled the delivery obligation, and Potevio Group should pay the balance of the goods to the Company and assume the liability for breach of contract, and the Company has no obligation to return the advance payment (called "performance bond" by Potevio Group) to Potevio Group. In December 2022, the Company was notified by the South China International Economic and Trade Arbitration Commission that the award period would be extended to March 31, 2023.

In October 2022, the lawyer appointed by the Company has assessed that the Company has sufficient evidence and arguments based on the existing evidence, and the evidence submitted by the Potevio Group has insufficient relevance to this case. In the opinion of the Company's appointed lawyers, there is a greater likelihood of success in this case.

- (IV) On April 29, 2019, the prosecution and investigation unit dispatched personnel to the Company to search and investigate the transactions between the Company with Potevio Co Ltd and Potevio International Company Limited. This case is still in the investigation stage so far. The Company has fully cooperated with the investigation request and provided relevant documents and information on the aforementioned transactions.

X. Major disaster losses: None.

XI. Major events after the reporting period

On March 14, 2023, the Board of Directors approved that in order to increase the working capital, repay bank borrowings, and meet the needs of the company's future diversification and operational planning, the Company intends to conduct a private placement of 15,000 thousand shares in Sino-American Silicon Products Inc.

XII. Miscellaneous

Employee benefits, depreciation and amortization expense functions are summarized as follows:

By Feature	2022	2021

By property	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses						
Salary expenses	41,198	144,058	185,256	37,663	150,588	188,251
Labor health insurance costs	3,620	12,869	16,489	2,943	12,244	15,187
Pension expenses	1,580	6,394	7,974	1,298	6,091	7,389
Remuneration paid to directors	-	8,107	8,107	-	5,223	5,223
Other employee welfare expense	1,581	5,046	6,627	1,262	4,784	6,046
Depreciation expenses	26,257	13,556	39,813	20,831	10,042	30,873
Amortization expense	-	1,132	1,132	-	959	959

XIII. Notes to Disclosures

(I) Information on Significant Transactions:

In 2022, the Consolidated Company shall disclose the following information related to the major transactions in accordance with the financial reporting standards of securities issuers:

1. Lending to Others:

Unit: Thousands NTD

No.	Lending company	Borrower	Current Accounts	Related Party Status	Current maximum amount	Ending Balance	Actual Drawdown	Interest Rate Range	Loan and nature of funds (Note 2)	Amount of business transactions	Reason for Short-term Financing	Provision for loss amounts	Collateral		Loan and limit of funds to individual objects	Capital loan and total limit
													Name	Value		
0	The Company	Billion Energy Storage Technologies Inc.	Other receivables	Yes	25,000	25,000	20,000	2.075%	2	-	Build Energy Storage Cases	-	-	-	78,574 (Note 3)	314,296 (Note 3)
0	The Company	Billion Sunpower Co., Ltd.	Other receivables	Yes	15,000	15,000	-	-	2	-	Operating turnover	-	-	-	78,574 (Note 3)	314,296 (Note 3)
0	The Company	Tai Chuang Energy Co., Ltd.	Other receivables	Yes	15,000	15,000	-	-	2	-	Build Energy Storage Cases	-	-	-	78,574 (Note 3)	314,296 (Note 3)
0	The Company	Billion Watts Technologies Co., Ltd.	Other receivables	Yes	28,000	-	-	-	2	-	Operating turnover such as purchase of materials, etc.	-	-	-	78,574 (Note 3)	314,296 (Note 3)
1	BEC Technologies Inc.	BEC International, LLC	Other receivables	Yes	18,438 (Note 6)	18,438 (Note 6)	11,063 (Note 6)	-	2	-	Repayment of bank loans	-	-	-	25,147 (Note 4)	50,293 (Note 4)
2	Billion Watts Technologies Co., Ltd.	Shengda Energy Storage Tech Co., Ltd.	Other receivables	Yes	5,000	5,000	-	-	2	-	Build Energy Storage Cases	-	-	-	12,410 (Note 5)	49,642 (Note 5)

Note 1. The remarks for the serial number column is as follows:

- (1) For Issuer, write 0.
- (2) The investees are numbered sequentially starting with Arabic numeral 1 according to each entity.

Note 2.

1. For those who have business transactions.
2. Necessary for short-term financing.

Note 3. The limits prescribed by the Company's operating procedures for capital lending are as follows:

- (1) The capital lending line for individual object shall be limited to no more than 5% of the net current value of Billion Electric Co., Ltd., which belongs to the owner of the Company.
- (2) The total amount of foreign capital lending shall be limited to no more than 20% of the net current value of Billion Electric Co., Ltd., which belongs to the owner of the Company.

Note 4. The limits prescribed by BEC Technologies Inc.'s operating procedures for capital lending are as follows:

- (1) The capital lending line for individual object shall be limited to no more than 10% of the net current value of BEC Technologies Inc., which belongs to the owner of the Company.
- (2) The total amount of foreign capital lending shall be limited to no more than 20% of the net current value of BEC Technologies Inc., which belongs to the owner of the Company.

Note 5. The limits of capital loan and operation procedure stipulated by Billion Watts Technologies Co., Ltd. are as follows:

- (1) The capital lending line for individual object shall be limited to no more than 5% of the net current value of Billion Watts Technologies Co., Ltd., which belongs to the owner of the Company.
- (2) The total amount of foreign capital lending shall be limited to no more than 20% of the net current value of Billion Watts Technologies Co., Ltd., which belongs to the owner of the Company.

Note 6. BEC Technologies Inc., a subsidiary of the Company has lent a new capital to BEC International LLC, a second-tier subsidiary, in the amount of USD600 thousand since January 2021. The actual amount spent was USD360 thousand. The translation rate of USD to NTD at the end of the period was 1: 30.73.

Note 7. The above transactions between the parent and subsidiary companies have been written off at the time of preparing this consolidated financial report.

2. Endorsement/Guarantee Provided for Others:

Unit: Thousands NTD

No.	Endorsement/ Guarantee Provider Name	Subject of Endorsements/ Guarantees		Endorsement/ guarantee limit for a single business (Note 3)	Balance of maximum endorsement/ guarantee for the current period	Final endorsement/ guarantees balance	Actual Drawdown	Indorsement secured by property	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Endorsement /guarantee up to a limit (Note 4)	Endorsement /guarantee by parent company for subsidiary	Endorsement /guarantee by subsidiary for parent company	Guarantee Provided to Subsidiaries in Mainland China
		Company Name	Relation (Note 2)										
0	Billion Electric Co., Ltd.	Billion Sunpower Co., Ltd.	2	314,296	190,000	90,000	51,519	-	5.73%	471,444	Y	N	N
0	Billion Electric Co., Ltd.	Billion Energy Storage Technologies Inc.	2	314,296	30,000	30,000	22,229	-	1.91%	471,444	Y	N	N
0	Billion Electric Co., Ltd.	Billion Watts Technologies Co., Ltd.	2	314,296	215,000	215,000	23,027	-	13.68%	471,444	Y	N	N

Note 1. The remarks for the serial number column is as follows:

- (1) For Issuer, write 0.
- (2) The investees are numbered sequentially starting with Arabic numeral 1 according to each entity.

Note 2. The relationship between the endorser and the object endorsed is as follows:

- (1) A company that has business transactions with the Cleanaway.
- (2) Companies in which the Company directly and indirectly holds more than 50% of the voting shares.
- (3) Companies that directly or indirectly hold more than 50% of the voting shares of the Company.
- (4) Intercompanies where the Company directly or indirectly holds more than 90% of the voting shares.
- (5) Companies that are mutually guaranteed by the contract between peers or co-contractors based on the needs of the underwriting project.
- (6) Companies to which all investing shareholders endorse a guarantee based on its shareholding ratio as a result of the joint investment relationship.
- (7) Joint and several guarantees of performance bonds for pre-sale housing sales contracts with peers in the same industry in accordance with the regulations of the Consumer Protection Act.

Note 3. The amount of endorsement/guarantee for a single enterprise shall not exceed 20% of the current net value of the owner of the Company.

Note 4. The total amount of an endorsement/guarantee shall not exceed 30% of the current net value of the owner of the Company.

3. Status of marketable securities held at the end of the period (excluding interests of investment subsidiaries, associates and joint ventures):

Unit: Thousands NTD

Securities holder	Type and name of marketable securities	Relationship with issuers of securities	Journal Accounts	End of period				Interim maximum holding ratio	Remarks
				Number of Shares	Carrying Amount of Investment	Shareholding ratio	Fair value		
Billion Electric Co., Ltd.	Capital Money Market Fund	N/A	Financial assets at fair value through profit or loss - current	1,138	18,640	- %	18,640	-%	
Billion Electric Co., Ltd.	Allianz US Short Duration High Income Bond Fund Type A (Cumulative)	N/A	Financial assets at fair value through profit or loss - current	285	2,939	- %	2,939	-%	
Billion Electric Co., Ltd.	NN (L) US Credit - Y Cap USD	N/A	Financial assets at fair value through profit or loss - current	-	769	- %	769	-%	
Billion Electric Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	N/A	Financial assets at fair value through profit or loss - current	33	3,297	- %	3,297	-%	
Billion Electric Co., Ltd.	Ennova Technologies, Inc.	N/A	Financial assets at fair value through other comprehensive income - non-current	550	3,797	18.33 %	3,797	18.33%	
Billion Electric Co., Ltd.	EcoLumina Technologies, Inc.	N/A	Financial assets at fair value through other comprehensive income - non-current	30	-	0.37 %	-	0.37%	
Billion Electric Co., Ltd.	MicroLinks Technology Corp.	N/A	Financial assets at fair value through other comprehensive income - non-current	100	-	1.32 %	-	1.32%	
Billion Electric Co., Ltd.	Dajian Internet Technology Co., Ltd.	N/A	Financial assets at fair value through other comprehensive income - non-current	300	-	10.00 %	-	10.00%	
Pacific Solar Limited	Works Systems, Inc.	N/A	Financial assets at fair value through other comprehensive income - non-current	867	-	3.94 %	-	3.94%	
BEC Technologies Inc.	Invesco QQQ Tr Unit Ser 1	N/A	Financial assets at fair value through profit or loss - current	-	2,512	- %	2,512	-%	
BEC Technologies Inc.	Berkshire Hathaway Inc	N/A	Financial assets at fair value through profit or loss - current	-	4,234	- %	4,234	-%	

4. Cumulative purchase or sale of the same securities amounting to NT\$300 million or more than 20% of the paid-in capital: None.
5. The amount of real estate acquired is NT\$300 million or more than 20% of the paid-in capital: None.
6. Disposal of real estate amounts to NT \$300 million or more than 20% of the paid-in capital: None.

7. The amount of imports and sales with related parties is NT\$100 million or more than 20% of the paid-in capital:

Unit: Thousands NTD

Supplier (Buyer) Company	Name of Trading Partner	Relation	Transaction Details				Circumstances and reasons for the difference between the terms of transaction and ordinary transactions		Notes and Accounts Receivable (Payable)	
			Purchase/Sale	Amount	Proportion of total purchase (sales)	Credit period	Unit Price	Credit period	Balance	Proportion of total notes and accounts receivable (payable)
Billion Electric Co., Ltd.	BEC Technologies Inc.	Subsidiaries of the Company	Sales	186,171	38.73%	Collect about 3 to 4 months after shipment	-	-	17,798	35.32%

Note 1. The above transactions have been written off at the time of preparation of the consolidated financial report.

8. Amounts receivable from related parties amounting to NT\$100,000 thousand or more than 20% of the paid-in capital: None.

9. Engaged in derivative transactions: None.

10. Business relations and important transactions between the parent and subsidiary companies:

No.	Company Name	Transacting counterparty	Relationship with counterparty	Transaction status			
				Accounts	Amount	Terms	Proportion of consolidated revenues or assets
0	Billion Electric Co., Ltd.	BEC Technologies Inc.	1	Sales revenue	186,171	Mark-up from the cost according to the item type	15.37%
0	Billion Electric Co., Ltd.	BEC Technologies Inc.	1	Accounts receivable - related parties	17,798	Collect about 3 to 4 months after shipment	0.54%
0	Billion Electric Co., Ltd.	Billion Watts Technologies Co., Ltd.	1	Sales revenue	45,839	Mark-up from the cost according to the item type	3.78%
0	Billion Electric Co., Ltd.	Billion Energy Storage Technologies Inc.	1	Other receivables -related parties	20,028	Capital lending	0.61%
1	BEC Technologies Inc.	BEC International, LLC	3	Other receivables -related parties	11,063	Capital lending	0.33%

Note 1. The number should be filled in as follows:

1. 1.0 represents the parent company.
2. Subsidiaries are numbered sequentially starting with the Arabic numeral 1.

Note 2. The type of relationship with the trader is indicated as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiaries to subsidiaries

Note 3. The business relationship and important transactions between the parent company and the subsidiary company are only disclosed in terms of sales and accounts receivable, while the relative purchase and accounts payable are not mentioned here.

Note 4. The above transactions have been written off at the time of preparation of the consolidated financial table.

(II) Related Information on Investees:

Unit: Thousands NTD/thousands USD

Name of the Investment Company	Name of investee	Location	Main Business Activities	Initial Investment		Holdings at the End of Period			Interim maximum holding ratio	Profit and loss of the investee in the current period	Investment gains and losses recognized in the current period	Remarks
				End of the Current Period	End of Previous Year	Number of Shares	Ratio	Carrying Amount of Investment				
Billion Electric Co., Ltd.	BEC Technologies Inc. (Note)	United States	Sales of ADSL-related products	69,257	69,257	2,294	91.76%	210,417	91.76%	2,505	2,298	
Billion Electric Co., Ltd.	Billion Sunpower Co., Ltd.	Taiwan	Design, manufacturing, construction and sales business of solar power plants	100,000	100,000	10,000	100.00%	104,446	100.00%	5,232	5,232	
Billion Electric Co., Ltd.	Billion Watts Technologies Co., Ltd.	Taiwan	Distribution services of solar power plant equipment and provision of power plant maintenance services	122,100	77,671	6,448	60.26%	143,155	66.49%	33,795	18,093	
Billion Electric Co., Ltd.	Billion Energy Storage Technologies Inc.	Taiwan	Energy storage sales business	80,000	80,000	8,000	100.00%	71,567	100.00%	(6,281)	(6,281)	
Billion Electric Co., Ltd.	Billion Energy Storage Technologies Co., Ltd.	Taiwan	Energy storage sales business	-	3,600	-	- %	-	100.00%	(2,241)	(2,241)	Note 1
Billion Electric Co., Ltd.	Pacific Solar Limited	Seychelles	International investment	-	-	650	100.00%	-	100.00%	-	-	Note 2
Billion Electric Co., Ltd.	VGwatt Energy Co., Ltd.	Taiwan	Design, manufacturing, construction and sales business of solar power plants	26,025	-	1,041	51.00%	26,057	51.00%	912	32	
Billion Electric Co., Ltd.	Tai Chuang Energy Co., Ltd.	Taiwan	Energy storage sales business	949	-	100	100.00%	(1,397)	100.00%	(2,346)	(2,346)	
Billion Electric Co., Ltd.	Xiajing Co., Ltd.	Taiwan	Renewable energy non-utility power generation equipment business	27,000	-	2,700	5.24%	27,040	20.00%	391	8	Note 3
BEC Technologies Inc.	BEC International, LLC	United States	International investment	40,996	40,996	-	100.00%	56,900	100.00%	3,856	3,856	
BEC Technologies Inc.	Avantek Systems PTE. LTD	Singapore	Cloud Software Hosting Services	8,300	-	100	74.99%	7,862	76.88%	(568)	(425)	
Billion Watts Technologies Co., Ltd.	Shengda Energy Storage Tech Co., Ltd.	Taiwan	Energy storage sales business	2,000	-	200	100.00%	1,838	100.00%	(162)	(162)	
Billion Watts Technologies Co., Ltd.	Shengzhida Tech Co., Ltd.	Taiwan	EMC software development design and sales	5,100	-	510	51.00%	5,066	51.00%	(67)	(34)	
Billion Energy Storage Technologies Inc.	Shengri Energy Storage Tech Co., Ltd.	Taiwan	Energy storage sales business	2,000	-	200	100.00%	1,923	100.00%	(77)	(77)	

Note 1. The Company signed an equity transfer contract with Houju Energy Tech Co., Ltd. in September 2022, and the equity delivery date is October 2022.

Note 2. Pacific Solar Limited was incorporated in Seychelles in November 2020. As of December 31, 2022, no capital has been invested in the Company.

Note 3. It is an investee company evaluated by the equity method.

(III) Information on investment in Mainland China: None.

(IV) Main Shareholder Information:

Name of Main Shareholder	Shares	Number of shares held	%
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Chung-Ting Chen	17,690,971	17.72%
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Note:

- (1) The main shareholder information in this schedule is calculated by the depository company using the information of the shareholders holding 5% or more of the total number of ordinary shares and special shares of the Company that have completed the script-less registration and delivery (including treasury shares) on the last business day at the end of the quarter. The share capital recorded in the financial statements of the Company and the number of shares for which dematerialized registration and delivery has completed may differ as a result of the different preparations of calculation bases.
- (2) If the above information belongs to the shareholders handing over their holdings to the trust, it shall be disclosed by the individual branches of the principal whose trust account is opened by the trustee. For insider share declaration of shareholders holding more than 10% in accordance with the Securities Exchange Act, the shareholding includes the shareholding of the shareholder plus the shares that the shareholder has paid into the trust and has the right to use the trust property. For insider share declaration information, please refer to the MOPS.

XIV. Segment Information

(I) General Information

The information provided by the Consolidated Company to key operational decision makers for allocating resources and evaluating the performance of the division is focused on the regions. The reporting departments of the Consolidated Company are Taiwan, relevant regions of Mainland China and the United States. The regional departments are mainly engaged in the design, manufacturing and sales of products such as electronic components and power supply, transformers, ISDN cards and ADSL cards, as well as the sales of equipment for renewable energy power generation for own use, solar power plant equipment, energy technology services and etc.

The main operational decision makers regarded the subsidiaries engage in the design, manufacturing and sales businesses of electronic components and power supply equipment, transformers, ISDN cards and ADSL cards, as well as the sale of equipment for renewable energy power generation for self-use, solar power plant equipment and energy technology services in various regions as separate operational departments. However, when preparing the consolidated financial reports, the Consolidated Company considered the following factors and regarded these operational departments as a single operational department:

1. Nature and process of the products are similar;
2. Pricing strategy and sales model of the products are similar;
3. Delivery methods to customers are identical.

(II) Departmental profit and loss, assets, liabilities and their measurement basis and reconciliation information should be reported

The information and adjustment of the Company's operating departments are as follows:

	2022				
	Taiwan	Taiwan (Solar Power Plant)	United States	Adjustments and write off	Total
Revenue from external customers	\$ 861,558	31,887	317,973	-	1,211,418
Interdepartmental income	248,464	-	-	(248,464)	-
Total revenue	<u>\$ 1,110,022</u>	<u>31,887</u>	<u>317,973</u>	<u>(248,464)</u>	<u>1,211,418</u>
Departmental profit and loss should be reported	<u>\$ 33,990</u>	<u>29,573</u>	<u>3,098</u>	<u>-</u>	66,661
Share of associates' profit and loss under equity method					8
Net profit before tax					<u>\$ 66,669</u>
Total department assets and liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Taiwan	Taiwan (Solar Power Plant)	Mainland China	United States	Adjustments and write off	Total
Revenue from external customers	\$ 538,166	37,978	-	472,803	-	1,048,947
Interdepartmental income	311,859	-	-	-	(311,859)	-
Total revenue	<u>\$ 850,025</u>	<u>37,978</u>	<u>-</u>	<u>472,803</u>	<u>(311,859)</u>	<u>1,048,947</u>
Departmental profit and loss should be reported	<u>\$ 18,350</u>	<u>17,409</u>	<u>(9,309)</u>	<u>49,015</u>	<u>-</u>	75,465
Share of associates' profit and loss under equity method						(507)
Net profit before tax						<u>\$ 74,958</u>
Total department assets and liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The measurement of total assets and liabilities of the Consolidated Company segment information is not provided to the operating decision makers.

(III) Geographical Information

The breakdown of the Consolidated Company is shown below, where revenue is classified on the basis of the geographic location of operations.

<u>Geographical</u>	<u>2022</u>	<u>2021</u>
Revenue from external customers:		
Americas	\$ 363,216	516,308
Asia	818,278	493,859
Europe	20,003	26,622
Oceania	4,350	9,330
Africa	5,571	2,828
	<u>\$ 1,211,418</u>	<u>1,048,947</u>
Non-current assets:		
Taiwan	\$ 1,102,322	648,639
United States	64,348	58,625
Total	<u>\$ 1,166,670</u>	<u>707,264</u>

(IV) Primary Client Information:

Clients with sales of more than 10% of the Consolidated Company's revenue are as follows:

	<u>2022</u>	<u>2021</u>
Client A	<u>\$ -</u>	<u>110,006</u>

No client with sales of more than 10% of the Consolidated Company's revenue in 2022.

Billion Electric Co., Ltd.

Chairman: Tim Chen