

**UNITED RENEWABLE ENERGY CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2022 and 2021**

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

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Independent Auditors' Review Report

To the Board of Directors of United Renewable Energy Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of United Renewable Energy Co., Ltd. and its subsidiaries as of September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b) and 13(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$4,707,048 thousand and \$6,235,830 thousand, constituting 15% and 20% of consolidated total assets as of September 30, 2022 and 2021; total liabilities amounting to \$2,831,468 thousand and \$3,899,446 thousand, constituting 19% and 23% of consolidated total liabilities as of September 30, 2022 and 2021; total comprehensive income (loss) amounting to \$(39,667) thousand, \$(10,537) thousand, \$96,499 thousand and \$(123,616) thousand, constituting (11)%, 16%, 8% and 14% of consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2022 and 2021.

Furthermore, as stated in Note 6(h), the investments accounted for using the equity method of United Renewable Energy Co., Ltd. and its subsidiaries amounting to \$223,224 thousand and \$225,462 thousand as of September 30, 2022 and 2021, and its shares of profit (loss) of associates accounted for using the equity method amounting to \$2,649 thousand, \$8,317 thousand, \$7,085 thousand and \$(4,303) thousand for the three months and nine months ended September 30, 2022 and 2021, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of United Renewable Energy Co., Ltd. and its subsidiaries as of September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, and its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Cheng-Chien Chen and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
November 10, 2022

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2022 and 2021

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2022, December 31, 2021, and September 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2022		December 31, 2021		September 30, 2021				September 30, 2022		December 31, 2021		September 30, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets															
Current assets:															
1100	Cash and cash equivalents (note 6(a))	\$ 3,699,076	11	5,254,173	17	4,614,037	15	2100	Short-term borrowings (note 6(n))	\$ 1,689,921	5	50,389	-	3,225,255	10
1110	Financial assets at fair value through profit or loss - current (note 6(b))	76,861	-	74,255	-	3,897	-	2110	Short-term bills payable (note 6(o))	-	-	221,253	1	465,853	1
1120	Financial assets at fair value through other comprehensive income - current (note 6(c))	166,628	1	111,712	-	107,658	-	2120	Financial liabilities at fair value through profit or loss - current (note 6(b))	2	-	1,924	-	-	-
1140	Contract assets - current (notes 6(aa) and 7)	396,376	1	215,187	1	149,481	-	2130	Contract liabilities - current (notes 6(aa) and 7)	570,818	2	506,666	2	635,046	2
1170	Notes and accounts receivable, net (note 6(e))	2,669,194	8	1,871,520	6	2,241,824	7	2170	Notes and accounts payable	1,367,936	4	1,355,764	4	1,719,894	6
1180	Accounts receivable from related parties (notes 6(e) and 7)	156,126	-	225,389	1	251,659	1	2260	Liabilities related to non-current assets held for sale (note 6(g))	-	-	1,607,188	5	1,000,721	3
1200	Other receivables	170,741	1	141,706	-	224,094	1	2280	Lease liability - current (note 6(s))	52,278	-	59,058	-	32,464	-
1210	Other receivables from related parties (note 7)	321,372	1	407,956	1	439,579	1	2320	Current portion of long-term borrowings and preference share liabilities (notes 6(p) and (r))	2,559,007	8	2,446,656	8	3,169,843	10
130X	Inventories (notes 6(f) and 8)	3,753,456	12	2,653,595	9	3,772,796	12	2399	Other current liabilities (notes 6(t) and 7)	2,036,640	7	1,727,778	6	1,736,756	6
1410	Prepayments (note 9)	2,160,843	7	1,149,948	4	1,055,909	3		Total current liabilities	<u>8,276,602</u>	<u>26</u>	<u>7,976,676</u>	<u>26</u>	<u>11,985,832</u>	<u>38</u>
1460	Non-current assets held for sale (notes (g) and 8)	538,586	2	2,145,372	7	1,419,711	4		Non-Current liabilities:						
1476	Other financial assets (note 8)	624,594	2	924,036	3	800,813	3	2500	Financial liabilities at fair value through profit or loss - non-current (notes 6(b) and (p))	66,004	-	49,896	-	66,700	-
1479	Other current assets	437,522	1	211,531	1	234,169	1	2530	Bonds payable (note 6(q))	2,965,099	9	2,952,450	10	-	-
	Total current assets	<u>15,171,375</u>	<u>47</u>	<u>15,386,380</u>	<u>50</u>	<u>15,315,627</u>	<u>48</u>	2540	Long-term borrowings (note 6(p))	3,046,197	9	3,525,712	11	3,914,194	12
	Non-current assets:														
1510	Financial assets at fair value through profit or loss - non-current (notes 6(b), (q) and (r))	104,217	-	97,096	-	170,427	1	2580	Lease liability - non-current (note 6(s))	581,418	2	560,061	2	1,211,755	4
1517	Financial assets at fair value through other comprehensive income - non-current (notes 6(c), 7 and 8)	505,268	2	333,791	1	408,986	1	2635	Preference share liabilities - non-current (note 6(r))	707	-	4,377	-	5,813	-
1535	Financial assets at amortized cost - non-current (note 6(d))	-	-	-	-	139,300	-	2670	Other non-current liabilities (note 6(t))	352,140	1	313,704	1	321,825	1
1550	Investments accounted for using the equity method (note 6(h))	223,224	1	211,473	1	225,462	1		Total non-current liabilities	<u>7,011,565</u>	<u>21</u>	<u>7,406,200</u>	<u>24</u>	<u>5,520,287</u>	<u>17</u>
1600	Property, plant and equipment (notes 6(j), 7 and 8)	9,875,691	31	8,213,695	26	8,058,872	25		Total liabilities	<u>15,288,167</u>	<u>47</u>	<u>15,382,876</u>	<u>50</u>	<u>17,506,119</u>	<u>55</u>
1755	Right-of-use assets (note 6(k))	448,968	1	431,008	2	442,078	1		Equity attributable to owners of parent (notes 6(x) and (y))						
1760	Investment property, net (notes 6(l) and 8)	2,753,419	8	2,844,125	9	2,875,369	9	3110	Ordinary shares	16,277,905	50	16,278,140	52	15,079,003	48
1780	Intangible assets (note 6(m))	3,677	-	4,803	-	5,444	-	3200	Capital surplus	178,454	1	999,749	3	1,348	-
1840	Deferred tax assets	629,306	2	629,448	2	633,962	2	3350	Accumulated profit or loss	328,388	1	(1,461,427)	(5)	(1,021,476)	(3)
1915	Prepayments - non-current (note 9)	2,090,509	7	1,934,036	6	2,085,276	7	3400	Other equity	(413,643)	(1)	(667,163)	(2)	(590,435)	(2)
1920	Refundable deposits (note 8)	140,787	-	654,938	2	738,081	2	3500	Treasury shares	(18,699)	-	(18,699)	-	(18,699)	-
1942	Other receivables from related parties - non-current (note 7)	24,408	-	21,255	-	21,401	-		Total equity attributable to owners of parent	<u>16,352,405</u>	<u>51</u>	<u>15,130,600</u>	<u>48</u>	<u>13,449,741</u>	<u>43</u>
1990	Other non-current assets (note 8)	425,978	1	453,208	1	562,431	3	36XX	Non-controlling interests	756,255	2	701,780	2	726,856	2
	Total non-current assets	<u>17,225,452</u>	<u>53</u>	<u>15,828,876</u>	<u>50</u>	<u>16,367,089</u>	<u>52</u>		Total equity	<u>17,108,660</u>	<u>53</u>	<u>15,832,380</u>	<u>50</u>	<u>14,176,597</u>	<u>45</u>
	Total assets	<u>\$ 32,396,827</u>	<u>100</u>	<u>31,215,256</u>	<u>100</u>	<u>31,682,716</u>	<u>100</u>		Total liabilities and equity	<u>\$ 32,396,827</u>	<u>100</u>	<u>31,215,256</u>	<u>100</u>	<u>31,682,716</u>	<u>100</u>

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

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2022 and 2021

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

	For the three months ended September 30				For the nine months ended September 30				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Net operating revenues (notes 6(aa) and 7)	\$ 4,746,401	100	3,503,823	100	13,331,294	100	10,178,474	100
5110	Operating costs (notes 6(f), (s), (v), 7 and 12)	<u>4,273,718</u>	<u>90</u>	<u>3,289,099</u>	<u>94</u>	<u>11,700,582</u>	<u>88</u>	<u>9,741,056</u>	<u>96</u>
5900	Gross gain from operations	<u>472,683</u>	<u>10</u>	<u>214,724</u>	<u>6</u>	<u>1,630,712</u>	<u>12</u>	<u>437,418</u>	<u>4</u>
	Operating expenses (notes 6(e), (s), (v) and 12):								
6100	Selling expenses	172,003	4	93,040	3	344,387	2	328,738	3
6200	General and administrative expenses	200,342	4	187,447	5	518,563	4	634,696	6
6300	Research and development expenses	16,094	-	23,900	1	51,174	-	74,631	1
6450	Impairment losses (reversal of impairment losses) on trade receivable	<u>83,689</u>	<u>2</u>	<u>(27,615)</u>	<u>(1)</u>	<u>92,963</u>	<u>1</u>	<u>47,526</u>	<u>-</u>
	Total operating expense	<u>472,128</u>	<u>10</u>	<u>276,772</u>	<u>8</u>	<u>1,007,087</u>	<u>7</u>	<u>1,085,591</u>	<u>10</u>
	Income (loss) from operations	<u>555</u>	<u>-</u>	<u>(62,048)</u>	<u>(2)</u>	<u>623,625</u>	<u>5</u>	<u>(648,173)</u>	<u>(6)</u>
	Non-operating income and expenses:								
7010	Other income (notes 6(ac) and 7)	96,506	2	80,543	2	283,510	2	207,636	2
7020	Other gains and losses (notes 6(g), (i), (j) and (ac))	154,112	3	(15,459)	-	221,220	2	(128,220)	(1)
7050	Finance costs (notes 6(q) and (s))	(68,535)	(1)	(114,108)	(3)	(200,093)	(2)	(312,527)	(3)
7060	Share of gain (loss) of associates and joint ventures accounted for using equity method (note 6(h))	2,649	-	8,317	-	7,085	-	(4,303)	-
7100	Interest income	<u>2,463</u>	<u>-</u>	<u>966</u>	<u>-</u>	<u>5,514</u>	<u>-</u>	<u>3,630</u>	<u>-</u>
		<u>187,195</u>	<u>4</u>	<u>(39,741)</u>	<u>(1)</u>	<u>317,236</u>	<u>2</u>	<u>(233,784)</u>	<u>(2)</u>
	Income (loss) before income tax	187,750	4	(101,789)	(3)	940,861	7	(881,957)	(8)
7950	Less: income tax expense (benefit) (note 6(w))	<u>161</u>	<u>-</u>	<u>(3,169)</u>	<u>-</u>	<u>6,680</u>	<u>-</u>	<u>729</u>	<u>-</u>
8200	Net income (loss)	<u>187,589</u>	<u>4</u>	<u>(98,620)</u>	<u>(3)</u>	<u>934,181</u>	<u>7</u>	<u>(882,686)</u>	<u>(8)</u>
8300	Other comprehensive income:								
8310	Items that may not be reclassified subsequently to profit or loss:								
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	42,135	1	126,526	4	(7,485)	-	125,156	1
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation of foreign statements	<u>124,221</u>	<u>3</u>	<u>(93,304)</u>	<u>(3)</u>	<u>355,532</u>	<u>3</u>	<u>(97,952)</u>	<u>(1)</u>
8300	Total other comprehensive income	<u>166,356</u>	<u>4</u>	<u>33,222</u>	<u>1</u>	<u>348,047</u>	<u>3</u>	<u>27,204</u>	<u>-</u>
	Total comprehensive income (loss)	<u>\$ 353,945</u>	<u>8</u>	<u>(65,398)</u>	<u>(2)</u>	<u>1,282,228</u>	<u>10</u>	<u>(855,482)</u>	<u>(8)</u>
	Net income (loss) attributable to:								
	Shareholders of the parent	\$ 192,918	4	(90,749)	(3)	967,305	7	(848,252)	(8)
	Non-controlling interests	<u>(5,329)</u>	<u>-</u>	<u>(7,871)</u>	<u>-</u>	<u>(33,124)</u>	<u>-</u>	<u>(34,434)</u>	<u>-</u>
		<u>\$ 187,589</u>	<u>4</u>	<u>(98,620)</u>	<u>(3)</u>	<u>934,181</u>	<u>7</u>	<u>(882,686)</u>	<u>(8)</u>
	Total comprehensive income (loss) attributable to:								
	Shareholders of the parent	\$ 312,095	7	(56,983)	(2)	1,219,958	10	(815,244)	(8)
	Non-controlling interests	<u>41,850</u>	<u>1</u>	<u>(8,415)</u>	<u>-</u>	<u>62,270</u>	<u>-</u>	<u>(40,238)</u>	<u>-</u>
		<u>\$ 353,945</u>	<u>8</u>	<u>(65,398)</u>	<u>(2)</u>	<u>1,282,228</u>	<u>10</u>	<u>(855,482)</u>	<u>(8)</u>
	Earnings (loss) per share								
9750	Basic earnings (loss) per share (NT dollars) (note 6(z))	<u>\$ 0.12</u>		<u>(0.06)</u>		<u>0.59</u>		<u>(0.56)</u>	
9850	Diluted earnings per share (NT dollars) (note 6(z))	<u>\$ 0.11</u>				<u>0.55</u>			

See accompanying notes to consolidated financial statements.

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

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Attributable to owners of parent							Non-controlling interest	Total equity
	Ordinary shares	Capital surplus	Accumulated profit or loss	Exchange differences on translation of foreign financial statements	Unrealized gains (loss) on financial assets at fair value through other comprehensive income	Unearned employees benefits	Treasury shares	Total equity attributable to owners of parent			
Balance at January 1, 2021	\$ 26,650,863	7,877	(11,581,063)	(669,674)	(124,956)	(7,416)	(18,699)	14,256,932	767,182	15,024,114	
Net loss for the nine months ended September 30, 2021	-	-	(848,252)	-	-	-	-	(848,252)	(34,434)	(882,686)	
Other comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	(92,148)	125,156	-	-	33,008	(5,804)	27,204	
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	(848,252)	(92,148)	125,156	-	-	(815,244)	(40,238)	(855,482)	
Offset of deficit against capital surplus	-	(9,887)	9,887	-	-	-	-	-	-	-	
Capital reduction to offset accumulated deficits	(11,571,175)	-	11,571,175	-	-	-	-	-	-	-	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(12)	-	-	-	-	-	(12)	12	-	
Non-controlling interests	-	-	-	-	-	-	-	-	(449)	(449)	
Difference between the price that has not been increased in proportion to shareholding and net value	-	3,291	(321)	-	-	-	-	2,970	349	3,319	
Compensation cost and cancellation of restricted shares for employees	(685)	79	-	-	-	5,701	-	5,095	-	5,095	
Disposal of investment in equity instruments designated at fair value through other comprehensive income	-	-	(172,902)	-	172,902	-	-	-	-	-	
Balance at September 30, 2021	\$ 15,079,003	1,348	(1,021,476)	(761,822)	173,102	(1,715)	(18,699)	13,449,741	726,856	14,176,597	
Balance at January 1, 2022	\$ 16,278,140	999,749	(1,461,427)	(775,360)	109,064	(867)	(18,699)	15,130,600	701,780	15,832,380	
Net Income for the nine months ended September 30, 2022	-	-	967,305	-	-	-	-	967,305	(33,124)	934,181	
Other comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	260,138	(7,485)	-	-	252,653	95,394	348,047	
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	967,305	260,138	(7,485)	-	-	1,219,958	62,270	1,282,228	
Offset of deficit against capital surplus	-	(822,510)	822,510	-	-	-	-	-	-	-	
Non-controlling interests	-	-	-	-	-	-	-	-	(7,835)	(7,835)	
Difference between the price that has not been increased in proportion to shareholding and net value	-	1,195	-	-	-	-	-	1,195	40	1,235	
Compensation cost and cancellation of restricted shares for employees	(235)	20	-	-	-	867	-	652	-	652	
Balance at September 30, 2022	\$ 16,277,905	178,454	328,388	(515,222)	101,579	-	(18,699)	16,352,405	756,255	17,108,660	

See accompanying notes to consolidated financial statements.

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

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2022	2021
Cash flows from operating activities:		
Profit (loss) before income tax	\$ 940,861	(881,957)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	889,577	904,732
Amortization expense	1,846	4,182
Expected credit loss	92,963	47,526
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	5,877	(28,869)
Finance cost	137,979	255,686
Interest income	(5,514)	(3,630)
Dividends income	(16,088)	(14,178)
Compensation cost of restricted shares for employees	652	5,095
Share of (loss) profit of associates and joint ventures accounted for using the equity method	(7,085)	4,303
Gain on disposal of property, plant and equipment and power facilities business held for sale	(33,529)	(94)
Loss on disposal of investment properties	648	86,004
Reversal of provisions	(25,038)	(102,964)
Others	(141,743)	(158,130)
Total adjustments to reconcile profit (loss)	<u>900,545</u>	<u>999,663</u>
Changes in operating assets and liabilities:		
Contract assets - current	(183,101)	25,560
Notes and accounts receivable	(832,634)	(264,880)
Accounts receivable from related parties	70,738	(39,839)
Other receivables	5,376	1,893
Other receivables from related parties	-	40,954
Inventory	(1,250,026)	522,900
Prepayments (including non-current)	(1,040,373)	(347,355)
Other current assets	(111,211)	10,633
Contract liabilities - current	64,152	286,136
Notes and accounts payable (including related parties)	32,898	367,026
Provisions	19,604	10,694
Other current liabilities	143,474	155,156
Total changes in operating assets and liabilities	<u>(3,081,103)</u>	<u>768,878</u>
Cash flows (used in) generated from operations	(1,239,697)	886,584
Income taxes received (paid)	4,824	(9,272)
Net cash flows (used in) generated from operating activities	<u>(1,234,873)</u>	<u>877,312</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(213,770)	(27,098)
Acquisition of investments accounted for using the equity method	(4,000)	(60,000)
Proceeds from disposal of associates	2,469	341,827
Proceeds from disposal of subsidiaries	386,976	465,895
Acquisition of property, plant and equipment	(1,968,286)	(271,953)
Proceeds from disposal of property, plant and equipment and power facilities business held for sale	33,921	413
Decrease (increase) in refundable deposits	514,143	(16,789)
Acquisition of intangible assets	(720)	(3,890)
Decrease (increase) in other financial assets	332,390	(102,489)
Increase in other non-current assets	(133,403)	(105,067)
Interest received	6,856	5,458
Dividends received	17,689	14,924
Net cash flows (used in) generated from investing activities	<u>(1,025,735)</u>	<u>241,231</u>
Cash flows from financing activities:		
Increase in short-term loans	1,628,306	924,690
(Decrease) increase in short-term bills payable	(221,300)	291,100
Proceeds from long-term borrowings	122,201	4,913,736
Repayments of long-term borrowings	(648,707)	(7,231,587)
Repayments of preference share liabilities	(13,117)	(12,704)
Payment of lease liabilities	(60,012)	(48,832)
Interest paid	(137,221)	(258,525)
Others	5,359	2,567
Net cash generated from (used in) financing activities	<u>675,509</u>	<u>(1,419,555)</u>
Effect of exchange rate changes	<u>30,002</u>	<u>(39,609)</u>
Net decrease in cash and cash equivalents	<u>(1,555,097)</u>	<u>(340,621)</u>
Cash and cash equivalents at beginning of period	<u>5,254,173</u>	<u>4,954,658</u>
Cash and cash equivalents at end of period	<u>\$ 3,699,076</u>	<u>4,614,037</u>

See accompanying notes to consolidated financial statements.

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

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2022 and 2021

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

(1) Company history

United Renewable Energy Co., Ltd., formerly Neo Solar Power Corp., (the “Group”) was incorporated in the Republic of China on August 26, 2005. It specializes in manufacturing high-quality solar cells, solar cell modules and wafers. The Group’s main business activities include researching, developing, designing, manufacturing and selling solar cells, as well as participating in other solar-related businesses. Its ordinary shares have been listed on the Taiwan Stock Exchange (TWSE) since January 2009.

On October 1, 2018, the Group merged with former Gintech Energy Corporation (“Gintech”) and Solartech Energy Corporation (“Solartech”), with the Group as the sole surviving company. On March 31, 2019, the Group merged with former General Energy Solutions Inc. (GES), with the Group as the surviving company and GES as the dissolved entity.

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

The consolidated financial statements were approved and released by the Group’s Board of Directors on November 10, 2022.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

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

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies

- (a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements:

Investor	Investee	Principal activity	% of Ownership			Note	
			September 30, 2022	December 31, 2021	September 30, 2021		
The Company	New Ray Investment Corp. (“New Ray Investment”)	Investment company	- %	- %	- %	3	
	DelSolar Holding Singapore Pte. Ltd. (“DelSolar Singapore”)	Investment company	100.00 %	100.00 %	100.00 %		
	DelSolar Holding (“Cayman”) Ltd. (“DelSolar Cayman”)	Investment company	100.00 %	100.00 %	100.00 %		
	NSP Systems (“BVI”) Ltd. (“NSP BVI”)	Investment company	100.00 %	100.00 %	100.00 %		
	NSP UK Holding Limited (“NSP UK”)	Investment company	100.00 %	100.00 %	100.00 %		
	Best Power Service Corp. (“BPS”)	Solar related business	- %	60.00 %	60.00 %	2	
	NSP System Development Corp. (“NSP System”)	Solar related business	100.00 %	100.00 %	100.00 %		
	GES Energy Middle East FZE (“GES ME”)	Solar related business	100.00 %	100.00 %	100.00 %		
	Utech solar corporation (“Utech”)	Electronic component manufacturing	99.99 %	99.94 %	99.94 %	7	
	Ultimate Energy Solution Limited (“UES”)	Investment company	100.00 %	100.00 %	100.00 %		
	Solartech Materials Corporation (“SMC”)	Solar related business	100.00 %	100.00 %	100.00 %		
	Apex solar Corporation (“Apex”)	Solar related business	- %	- %	- %	4	
	Zhongyang Corporation (“Zhongyang”)	Solar related business	100.00 %	100.00 %	100.00 %		
	United Renewable Energy Engineering Co. , Ltd. (“UREE”)	Solar related business	- %	100.00 %	100.00 %	2	
	Yong Liang Ltd. (“Yong Liang”)	Solar related business	25.70 %	36.14 %	36.14 %	7	
	Yong Zhou Ltd. (“Yong Zhou”)	Solar related business	100.00 %	100.00 %	100.00 %		
	General Energy Solutions UK Limited (“GES UK”)	Investment company	100.00 %	100.00 %	100.00 %		
	ELECTRONIC J.R.C. S.R.L (“JRC”)	Solar related business	- %	59.69 %	59.69 %	2	
	Dashiangying Energy Power Ltd. Co. (“Dashiangying”)	Solar related business	- %	100.00 %	100.00 %	5	
	Shinkai Energy Power Ltd. Co. (“Shinkai”)	Solar related business	- %	100.00 %	100.00 %	5	
	Shanshang Energy Power Ltd. Co. (“Shanshang”)	Solar related business	100.00 %	100.00 %	100.00 %		
	Jiangung Energy Power Ltd. Co. (“Jiangung”)	Solar related business	- %	- %	- %	4	
	Dungshr Energy Power Ltd. Co. (“Dungshr”)	Electronic component	100.00 %	100.00 %	100.00 %		
	Yanshan Energy Power Ltd. Co. (“Yanshan”)	Solar related business	- %	100.00 %	100.00 %	5	
	GES UK	General Energy Solutions USA. Inc. (“GES USA”)	Investment company	100.00 %	100.00 %	100.00 %	
		GES JAPAN CORPORATION (“GES JAPAN”)	Investment company	- %	100.00 %	100.00 %	5
		NCH Solar 1 Limited (“NCH Solar 1”)	Solar related business	- %	- %	- %	4
		GES Solar 2 Limited (“GES Solar 2”)	Solar related business	- %	- %	- %	4
		GES Solar 3 Limited (“GES Solar 3”)	Solar related business	- %	- %	- %	4
		General Energy Solutions CANADA Inc. (“GES CANADA”)	Investment company	100.00 %	100.00 %	100.00 %	
	NSP Germany	Solar related business	90.00 %	90.00 %	90.00 %		

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Investee	Principal activity	% of Ownership			Note	
			September 30, 2022	December 31, 2021	September 30, 2021		
GES USA	MEGATWO, LLC (“MEGATWO”)	Solar related business	100.00 %	100.00 %	100.00 %		
	GES MEGAFIVE, LLC (“MEGAFIVE”)	Solar related business	100.00 %	100.00 %	100.00 %		
	GES MEGASIX, LLC (“MEGASIX”)	Solar related business	100.00 %	100.00 %	100.00 %		
	GES MEGAEIGHT, LLC (“MEGAEIGHT”)	Solar related business	100.00 %	100.00 %	100.00 %		
	GES MEGATWELVE, LLC (“MEGATWELVE”)	Solar related business	100.00 %	100.00 %	100.00 %		
	GES MEGATHIRTEEN, LLC (“MEGATHIRTEEN”)	Solar related business	100.00 %	100.00 %	100.00 %		
	GES MEGASIXTEEN, LLC (“MEGASIXTEEN”)	Solar related business	100.00 %	100.00 %	100.00 %		
	GES MEGANINETEEN, LLC (“MEGANINETEEN”)	Solar related business	100.00 %	100.00 %	100.00 %		
	GES MEGATWENTY, LLC (“MEGATWENTY”)	Solar related business	100.00 %	100.00 %	100.00 %		
	GES ASSET TWO, LLC (“ASSET TWO”)	Solar related business	- %	- %	- %		
	GES ASSET THREE LLC (“ASSET THREE”)	Solar related business	100.00 %	100.00 %	100.00 %		
	SH4 SOLAR LLC (“SH4”)	Solar related business	100.00 %	100.00 %	100.00 %		
	Cedar Falls Solar Farm, LLC (“CEDAR FALLS”)	Solar related business	- %	- %	- %	4	
	Schenectady Solar, LLC (“Schenectady”)	Solar related business	- %	- %	- %		
	Village of Coxsackie Municipal Solar Project One, LLC (“VOC”)	Solar related business	- %	- %	- %	4	
	SEG MI 57 LLC (“SEG”)	Solar related business	100.00 %	100.00 %	100.00 %		
	Kinect Solar Fund 1, LLC (“KINECT”)	Solar related business	100.00 %	100.00 %	100.00 %		
	RER CT 57, LLC (“RER CT 57”)	Solar related business	- %	- %	- %	4	
	TEV II, LLC (“TEV II”)	Solar related business	100.00 %	100.00 %	100.00 %		
	Heywood Solar PGS, LLC (“HEYWOOD”)	Solar related business	55.00 %	55.00 %	55.00 %		
	MP Solar, LLC (“MP Solar”)	Solar related business	- %	- %	- %	4	
	Ventura Solar LLC (“Ventura”)	Solar related business	- %	- %	- %	4	
	ILLINI POWER LLC	Solar related business	- %	- %	- %	4	
	PS CS, LLC (“PS CS”)	Solar related business	- %	- %	- %	4	
	NSP NEVADA	Heywood Solar PGS, LLC (“HEYWOOD”)	Solar related business	45.00 %	45.00 %	45.00 %	
		MP Solar, LLC (“MP Solar”)	Solar related business	- %	- %	- %	4
Ventura Solar, LLC (“Ventura”)		Solar related business	- %	- %	- %	4	
Livermore Community Solar Farm, LLC (“Livermore”)		Solar related business	100.00 %	100.00 %	100.00 %		
Industrial Park Drive Solar, LLC (“Industrial Park”)		Solar related business	100.00 %	100.00 %	100.00 %		
Hillsboro Town Solar, LLC (“Hillsboro”)	Solar related business	100.00 %	100.00 %	100.00 %			
GES CANADA	ELECTRONIC J.R.C., S.R.L (“JRC”)	Solar related business	- %	40.31 %	40.31 %	2	
MEGATWO	Munisol S.A.P.I. de C.V. (“Munisol”)	Solar related business	100.00 %	100.00 %	100.00 %		
ASSET THREE	GES Asset Three Shima’s, LLC (“SHIMA’S”)	Solar related business	100.00 %	100.00 %	100.00 %		
	GES Asset Three Waimea, LLC (“WAIMEA”)	Solar related business	100.00 %	100.00 %	100.00 %		
	GES Asset Three Honokawai, LLC (“HONOKAWAI”)	Solar related business	100.00 %	100.00 %	100.00 %		
	GES Asset Three Eleele, LLC (“ELEELE”)	Solar related business	100.00 %	100.00 %	100.00 %		
	GES Asset Three Hanalei, LLC (“HANALEI”)	Solar related business	100.00 %	100.00 %	100.00 %		
	GES Asset Three Kapaa, LLC (“KAPAA”)	Solar related business	100.00 %	100.00 %	100.00 %		
	GES Asset Three Koloa, LLC (“KOLOA”)	Solar related business	100.00 %	100.00 %	100.00 %		

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Investee	Principal activity	% of Ownership			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
MEGASIXTEEN	GES AC SOLAR 2017, LLC (“GESAC”)	Solar related business	67.59 %	67.59 %	67.59 %	
GES AC	Anderson North Solar Project LLC (“ANDERSON N.”)	Solar related business	100.00 %	100.00 %	100.00 %	
	Anderson South Solar Project LLC (“ANDERSON S.”)	Solar related business	100.00 %	100.00 %	100.00 %	
	Flora Solar Project LLC (“Flora”)	Solar related business	100.00 %	100.00 %	100.00 %	
	Greenfield Solar Project LLC (“Greenfield”)	Solar related business	100.00 %	100.00 %	100.00 %	
	Spiceland Solar Project LLC (“Spiceland”)	Solar related business	100.00 %	100.00 %	100.00 %	
TEV II	TEV Solar Alpha18 LLC (“TEV Solar”)	Solar related business	100.00 %	100.00 %	100.00 %	
TEV Solar	AC GES Solar 2018 LLC (“AC GES Solar”)	Solar related business	66.19 %	66.19 %	66.19 %	
AC GES Solar	Richmond 2 Solar Park, LLC (“Richmond”)	Solar related business	100.00 %	100.00 %	100.00 %	
	Rensselaer 2 Solar Park, LLC (“Rensselaer”)	Solar related business	100.00 %	100.00 %	100.00 %	
	Advance Solar Park, LLC (“Advance”)	Solar related business	100.00 %	100.00 %	100.00 %	
DelSolar Cayman	DelSolar (“HK”) Ltd. (“DelSolar HK”)	Investment company	100.00 %	100.00 %	100.00 %	
	DelSolar US Holdings (Delaware) Corporation (“DelSolar US”)	Investment company	100.00 %	100.00 %	100.00 %	
	NSP SYSTEM NEVADA HOLDING CORP (“NSP NEVADA”)	Solar related business	100.00 %	100.00 %	100.00 %	
	URE NSP Corporation (“URE NSP”)	Solar related business	100.00 %	100.00 %	100.00 %	
NSP BVI	NSP HK Holding Ltd. (“NSP HK”)	Solar related business	100.00 %	100.00 %	100.00 %	
DelSolar Singapore	Neo Solar Power Vietnam Co., Ltd. (“NSP Vietnam”)	Technical management services	- %	- %	- %	3
NSP UK	PV-Power-Park Pro 1 Verwaltungs GmbH (“PV-Power-Park”)	Solar related business	- %	- %	100.00 %	3
	NSP Indygen UK Ltd. (“NSP Indygen”)	Solar related business	100.00 %	100.00 %	100.00 %	
NSP System	Hsin Jin Optoelectronics (“Hsin Jin Optoelectronics”)	Solar related business	80.00 %	80.00 %	80.00 %	
	Hsin Jin Solar Energy Co., Ltd. (“Hsin Jin Solar Energy”)	Solar related business	60.00 %	60.00 %	60.00 %	
	Si Two Corp. (“Si Two”)	Solar related business	100.00 %	100.00 %	100.00 %	
	Tienyang Green Power Ltd. Co. (“Tienyang”)	Solar related business	- %	- %	100.00 %	4
	Deyang Green Power Ltd. Co. (“Deyang”)	Solar related business	- %	- %	100.00 %	4
	Shanyang Green Power Ltd. Co. (“Shanyang”)	Solar related business	- %	- %	100.00 %	4
	Jeyang Green Power Ltd. Co. (“Jeyang”)	Solar related business	- %	- %	100.00 %	4
	Lianzhang Energy Power Ltd. Co. (“Lianzhang”)	Solar related business	100.00 %	100.00 %	100.00 %	
	Lianxi Energy Power Ltd. Co. (“Lianxi”)	Solar related business	100.00 %	100.00 %	100.00 %	
	Liancheng Energy Power Ltd. Co. (“Liancheng”)	Solar related business	- %	100.00 %	100.00 %	5
	Feng Yang Energy Power Ltd. Co. (“Feng Yang”)	Solar related business	- %	- %	100.00 %	4
UREE	United Agriculture Ecology Ltd. Co. (“UAE”)	Solar and agriculture-related business	- %	100.00 %	100.00 %	2
Utech	Jiangung Energy Power Ltd. Co. (“Jiangung”)	Solar related business	100.00 %	100.00 %	100.00 %	7
Jiangung	Yong Liang Ltd. (“Yong Liang”)	Solar related business	74.30 %	63.86 %	63.86 %	7

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Investee	Principal activity	% of Ownership			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
NSP HK	XYH (Suzhou) Energy Ltd. ("XYH Suzhou")	Solar related business	- %	- %	- %	3
DelSolar HK	DelSolar (Wu Jiang) Ltd. ("DelSolar Wu Jiang")	Solar related business	100.00 %	100.00 %	100.00 %	
DelSolar US	DelSolar Development (Delaware) LLC ("DelSolar Development")	Solar related business	100.00 %	100.00 %	100.00 %	
	Clean Focus Renewables Inc. ("CFR")	Solar related business	100.00 %	100.00 %	100.00 %	6
	USD1 Owner LLC ("USD1")	Solar related business	100.00 %	100.00 %	100.00 %	
	Beryl Construction LLC ("Beryl")	Solar related business	100.00 %	100.00 %	100.00 %	
DelSolar Development	DSS-USF PHX LLC	Solar related business	100.00 %	100.00 %	100.00 %	
	DSS-RAL LLC	Solar related business	100.00 %	100.00 %	100.00 %	
UES	Renewable Energy Solution Limited ("RES")	Investment company	100.00 %	100.00 %	100.00 %	
RES	Gintech (Thailand) Limited ("Gintech (Thailand)")	Solar related business	100.00 %	100.00 %	100.00 %	

Note 1: The subsidiary was deemed as a subsidiary of the Group in accordance with IFRS 10.

Note 2: The Group disposed of all the equity shares in nine months ended September 30, 2022.

Note 3: The Group had liquidated and dissolved in 2021.

Note 4: The Group disposed of all the equity shares in 2021.

Note 5: The Group had liquidated and dissolved in nine months ended September 30, 2022.

Note 6: The Group had been liquidating and dissolving during nine months ended September 30, 2022.

Note 7: Please refer to Note 13 (a) for the details of subsidiaries.

(ii) Subsidiaries not included in the consolidated financial statements: None.

(c) Non-current assets held for sale (or disposal groups)

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Income taxes

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

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

(e) Changes in accounting policies

During 2021, the Group adjusted useful life of partial equipment to reasonably reflect the future economic benefits of the asset. The useful life of equipment is extended to 27~30 years from the date of purchase. The effect of these changes on actual and expected depreciation expense, included in cost of sales, was as follows:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Later</u>
(Decrease) increase in depreciation expense	\$ <u>(13,451)</u>	<u>(13,451)</u>	<u>(13,451)</u>	<u>(13,451)</u>	<u>54,924</u>

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with note 5 of the consolidated financial statements for the year ended December 31, 2021.

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2021. Please refer to the 2021 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand, checking accounts and demand deposits	\$ 3,690,374	5,241,731	4,605,537
Time deposits	<u>8,702</u>	<u>12,442</u>	<u>8,500</u>
Cash and cash equivalents listed in the consolidated cash flow statements	<u>\$ 3,699,076</u>	<u>5,254,173</u>	<u>4,614,037</u>

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Financial assets and liabilities at fair value through profit and loss

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Derivatives not used for hedging			
Foreign exchange swap contracts	\$ 2,720	4,443	952
Forward exchange contracts	-	2,941	2,945
Long call options	176,258	157,067	170,427
Embedded derivative-redemption	<u>2,100</u>	<u>6,900</u>	<u>-</u>
Total	<u>\$ 181,078</u>	<u>171,351</u>	<u>174,324</u>
Current	\$ 76,861	74,255	3,897
Non-current	<u>104,217</u>	<u>97,096</u>	<u>170,427</u>
Total	<u>\$ 181,078</u>	<u>171,351</u>	<u>174,324</u>
Financial liabilities designated at fair value through profit or loss:			
Derivatives not used for hedging			
Short call options	\$ <u>66,006</u>	<u>51,820</u>	<u>66,700</u>
Total	<u>\$ 66,006</u>	<u>51,820</u>	<u>66,700</u>
Current	\$ 2	1,924	-
Non-current	<u>66,004</u>	<u>49,896</u>	<u>66,700</u>
Total	<u>\$ 66,006</u>	<u>51,820</u>	<u>66,700</u>

- (i) The short call options mentioned above including (1) derived from the loan contract signed with Indiana Municipal Power Agency (IMPA), and IMPA has the right to buy back all of the subsidiary shares which were designated on the specific date. Refer to note 6(p) for more details; (2) Other investor has the right to buy back preference shares of UREE in the specific period.
- (ii) The long call options listed above were derived from the issuance of preference shares by the Group, making an agreement with the preference shareholders that the Group has the right to buy back all shares on the specific date. Refer to note 6(r) for more details.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) The fair value of the derivatives mentioned above is estimated using the Black-Scholes options evaluation model, and the relevant parameters were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Shorting call options-MEGASIXTEEN			
Estimated strike price	USD13,347 thousand dollars	USD13,347 thousand dollars	USD13,347 thousand dollars
Expected volatility	22.0%	22.0%	33.0%
Duration	0.25 years	1 years	1.25 years
Discount rate	6.7473%	6.7473%	7.2898%
Shorting call options-TEV II			
Estimated strike price	USD13,822 thousand dollars	USD13,822 thousand dollars	USD13,822 thousand dollars
Expected volatility	30%	30%	25%
Duration	2.25 years	3 years	3.25 years
Discount rate	6.7473%	6.7473%	7.2898%
Longing call options-MEGASIXTEEN			
Estimated strike price	USD656 thousand dollars	USD656 thousand dollars	USD656 thousand dollars
Expected volatility	22.0%	22.0%	33.0%
Duration	0.25 years	1 years	1.25 years
Discount rate	6.7473%	6.7473%	7.2898%
Longing call options-TEV II			
Estimated strike price	USD704 thousand dollars	USD704 thousand dollars	USD704 thousand dollars
Expected volatility	32%	32%	27%
Duration	1.75 years	2.5 years	2.75 years
Discount rate	6.7473%	6.7473%	7.2898%

- (iv) The Group entered into such forward exchange contracts and foreign exchange swap contracts to mitigate risks that arises from exposure to exchange rate risk in business operations. The following derivative instruments, without the application of hedge accounting, were classified as financial assets mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (in Thousands)</u>
September 30, 2022			
Foreign exchange swap contracts	NTD/USD	October 5, 2022~October 6, 2022	NTD1,446,318/ USD46,000
December 31, 2021			
Foreign exchange swap contracts	NTD/USD	January 10, 2021~ March 8, 2022	NTD1,083,250/ USD39,000
Selling Forward exchange contracts	EUR/USD	January 10, 2022	EUR2,000/ USD2,377
September 30, 2021			
Foreign exchange swap contracts	NTD/USD	November 23, 2021	NTD251,640/ USD9,000
Selling Forward exchange contracts	EUR/USD	November 10, 2021~January 10, 2022	EUR5,500/USD6,499

(v) Financial instruments revalued at fair value through profit and loss were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revaluation of derivatives listed in profit and loss	\$ <u>(97,133)</u>	<u>12,053</u>	<u>(167,678)</u>	<u>28,615</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Equity instrument measured at fair value through other comprehensive income:			
Domestic investments			
Listed ordinary shares	\$ 328,958	389,616	453,653
Unlisted ordinary shares	334,750	47,699	47,699
Overseas investments - unlisted ordinary shares	8,188	8,188	15,292
Total	\$ <u>671,896</u>	<u>445,503</u>	<u>516,644</u>

- (i) The Group's equity instruments are not held for trading, therefore has been designated at fair value through other comprehensive income.
- (ii) Due to the strengthen the strategic layout, the Group increase investment EVERGREEN AVIATION TECHNOLOGIES CORPORATION ("EGAT") ordinary shares \$94,500 thousand in first quarter of 2022.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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- (iii) Due to the requirement of the business development, the Group increase investment UREE preference shares \$119,270 thousand in third quarter of 2022.
 - (iv) Please refer to note 13(a) for details on the above mentioned equity instruments and fair value, among which the shares of ThinTech Materials Technology Co., Ltd. (“TTMC”) were privately placed and its ordinary shares are subject to transfer restrictions in accordance with Article 43-8 of the Securities and Exchange Act.
 - (v) During the nine months ended September 30, 2022 and 2021, the dividends of \$16,088 thousand and \$14,178 thousand, related to equity investments at fair value through other comprehensive income, respectively, were recognized.
 - (vi) Due to the changes in strategic layout, the Group has sold its shares held in Apex and realized a loss of \$172,902 thousand, which was reclassified from other equity to retained earnings during the six months ended June 30, 2021. The Group did not dispose any equity instruments in the nine months ended September 30, 2022. During the period, the accumulated gains and losses were not transferred into equity.
 - (vii) For credit risk and market risk, please refer to note 6(ad).
- (d) Financial assets at amortized cost

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Convertible preference shares - Phanes Holding Inc.	\$ -	-	139,300

- (i) The Group assessed its expected cash flows until maturity, which covers the entirety of interests and principle, and therefore, measured at amortized costs.
- (ii) Phanes Holding Inc. a project developer, is an overseas unlisted company. In order to build a long-term cooperative strategic relationship with Phanes Holding Inc. the Group subscribed to the entire five-year callable preference shares (C-Shares III) for 24,000 shares, at par value, amounting to USD5,000 thousand. According to the future recoverability which based on the preference shares cash flow assessment, the Group recognized impairment loss on financial assets during the fourth quarter of 2021.
- (iii) The above preference shares carried no voting rights and no dividend rights. Instead they carried preferential rights on dividends specified at 7% of the par value. The preference shares can be redeemed prior to, or later than, the maturity date under the agreement between the Group and Phanes Holding Inc. As of December 31, 2021, the interest receivables, classified as other receivables from related parties, amounted to \$29,176 thousand. The Group recognized the interest receivable mentioned above as expected credit losses in the fourth quarter of 2021, classified as other gains and losses.
- (iv) Financial assets at amortized cost had not been pledged as collateral.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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(e) Notes and accounts receivables

	September 30, 2022	December 31, 2021	September 30, 2021
Notes and accounts receivable	\$ 2,884,239	2,075,173	2,504,828
Accounts receivable from related parties	156,127	225,413	251,659
Less: Loss Allowance	<u>(215,046)</u>	<u>(203,677)</u>	<u>(263,004)</u>
	<u>\$ 2,825,320</u>	<u>2,096,909</u>	<u>2,493,483</u>

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

	September 30, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,216,732	0%~0.06%	956
1 to 30 days past due	312,533	0%~0.21%	657
31 to 60 days past due	154,439	0%~0.47%	2,758
61 to 90 days past due	14,831	0%~1.07%	158
91 to 120 days past due	22,983	0%~2.19%	3,451
121 to 150 days past due	54,152	0%~6.48%	66
151 to 180 days past due	3,629	0%~41.67%	13
More than 181 days past due	261,067	0%~100%	206,987
Total	<u>\$ 3,040,366</u>		<u>215,046</u>
	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,845,274	0%~0.18%	2,022
1 to 30 days past due	189,663	0%~0.98%	516
31 to 60 days past due	5,619	0%~2.43%	131
61 to 90 days past due	-	0%~6.42%	-
91 to 120 days past due	-	0%~11.16%	-
121 to 150 days past due	-	0%~25.58%	-
151 to 180 days past due	-	0%~56.16%	-
More than 181 days past due	260,030	0%~100%	201,008
Total	<u>\$ 2,300,586</u>		<u>203,677</u>

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,721,419	0%~0.18%	1,286
1 to 30 days past due	145,247	0%~0.98%	1,031
31 to 60 days past due	176,724	0%~2.43%	2,211
61 to 90 days past due	41,060	0%~6.42%	-
91 to 120 days past due	-	0%~11.16%	-
121 to 150 days past due	-	0%~25.58%	-
151 to 180 days past due	19,955	0%~56.16%	-
More than 181 days past due	<u>652,082</u>	0%~100%	<u>258,476</u>
Total	<u>\$ 2,756,487</u>		<u>263,004</u>

The movement in the allowance for notes and trade receivables were as follows:

	For the nine months ended September 30,	
	2022	2021
Balance at January 1	\$ 203,677	575,989
Impairment loss recognized	92,963	47,526
Amounts written off	(82,528)	(359,151)
Foreign exchange gains (losses)	934	(1,360)
Balance at September 30	<u>\$ 215,046</u>	<u>263,004</u>

The aforementioned notes and accounts receivables of the Group had not been pledged as collateral.

(f) Inventories

	September 30, 2022	December 31, 2021	September 30, 2021
Finished goods and products	\$ 1,490,778	447,809	894,061
Construction in progress	1,335,888	1,169,849	1,647,014
Raw materials	799,485	884,942	500,288
Work in progress	127,305	150,995	118,242
Right-of-use assets	-	-	613,191
	<u>\$ 3,753,456</u>	<u>2,653,595</u>	<u>3,772,796</u>

- (i) The construction in progress listed above is the construction cost incurred to build the power plant that the Group is intending to sell; The right-of-use assets is the right to use property related to the aforementioned development or construction of power plants

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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(ii) The details of the cost of sales were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Cost of goods sold	\$ 4,192,626	3,300,966	11,597,210	9,837,855
Unallocated production overheads	85,523	52,825	159,714	185,411
Write-down and retirement of inventories (Reversal of write-downs)	7,053	(52,073)	(26,970)	(171,696)
Others	(11,484)	(12,619)	(29,372)	(110,514)
Total	\$ 4,273,718	3,289,099	11,700,582	9,741,056

(iii) The inventories of the Group has been pledged as collateral of September 30, 2021, please refer to note 8. There were no such pledged as collateral of September 30, 2022 and December 31, 2021.

(g) Non-current assets held for sale

The Group decided to sell some foreign subsidiaries and has begun to process some selling matters, the assets and liabilities of foreign subsidiaries were presented as a disposal group held for sale, as the following.

	September 30, 2022	December 31, 2021	September 30, 2021
Bank deposit	\$ -	2,451	-
Inventories	-	635,456	-
Accounts receivable	-	49,090	49,427
Property, plant and equipment	538,586	1,109,793	1,134,828
Intangible assets	-	63,548	63,985
Restricted assets - non-current	-	259,369	152,337
Other assets	-	25,665	19,134
Assets held for sale	\$ 538,586	2,145,372	1,419,711
Bank borrowings	\$ -	925,810	932,168
Other payables	-	34,576	34,712
Other liabilities	-	33,611	33,841
Lease liability - non-current	-	613,191	-
Liabilities held for sale	\$ -	1,607,188	1,000,721

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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The impairment loss of \$121,545 thousand and \$15,791 thousand resulting from measuring at the lower of other carrying amount and fair value less costs to sell shall be disclosed as other gains and losses in the consolidated statements of comprehensive income as of nine month ended September 30, 2022 and 2021, respectively.

(h) Investments accounted for using the equity method

	September 30, 2022	December 31, 2021	September 30, 2021
Associates	\$ 219,402	208,145	222,112
Joint ventures	<u>3,822</u>	<u>3,328</u>	<u>3,350</u>
	<u>\$ 223,224</u>	<u>211,473</u>	<u>225,462</u>

- (i) Please refer to note 13(b) for list of investments, percentage of ownership and main activities.
- (ii) Considering the associates are not the biggest stockholders to the Group, besides, they cannot get more than half director seats or more than half of majority voting rights at the stockholder's meeting. Therefore, the Group only had significant influence on associates.
- (iii) Associates

The Group's financial information on investments in individually insignificant associates accounted for using the equity method at the reporting date was as follow. This financial information was included in the consolidated financial statements:

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amount of individually insignificant associates' equity	\$ <u>219,402</u>	<u>208,145</u>	<u>222,112</u>
	For the three months ended September 30,	For the nine months ended September 30,	
	2022	2021	2022
	2021	2022	2021
Attributable to the Group			
Net income (loss)	\$ 2,649	8,317	7,085
Other comprehensive income (loss)	<u>2,854</u>	<u>(1,696)</u>	<u>6,152</u>
Comprehensive income (loss)	<u>\$ 5,503</u>	<u>6,621</u>	<u>13,237</u>
	<u>(13,399)</u>		

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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- (iv) The Group's financial information on investments in individually insignificant joint ventures accounted for using the equity method was as follow:

	September 30, 2022	December 31, 2021	September 30, 2021
The carrying amount of investments in the individually insignificant joint ventures	\$ 3,822	3,328	3,350

The Group has no significant influence on DS Energy Technology Co., Ltd. in the third quarter of 2022, hence it was reclassified to financial assets at fair value through other comprehensive income. Please refer to note 6(c) for details.

- (v) The aforementioned investments accounted for using the equity method of the Group had not been pledged as collateral.
- (vi) The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the nine months ended September 30, 2022 and 2021 have not been reviewed.
- (i) Loss of control over a subsidiary

During nine months ended September 30, 2022 and 2021, the Group sold all of its shares in subsidiaries and loss control of them, with the considerations of \$427,897 thousand and \$645,113 thousand, respectively, the disposal loss was \$648 thousand and \$86,004 thousand (including the effect of exchange rate changes of \$82,215 thousand), which was included in other gains and losses.

The carrying amounts of assets and liabilities of subsidiary on the date of disposal were as follows:

	For the nine months ended September 30,	
	2022	2021
Bank deposit	\$ 11,268	-
Receivables	55,398	-
Construction contracts receivable	1,912	-
Other current assets	97,787	98,249
Financial assets at fair value through other comprehensive income - non current	-	27,098
Property, plant and equipment	1,179,531	647,997
Other assets	162,525	80,538
Long-term liabilities	(993,900)	(158,221)
Current liabilities	(84,422)	(46,759)
Non current liabilities	(249)	-
Carrying amount of subsidiary's net assets	\$ 429,850	648,902

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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(j) Property, plant and equipment

The movements of cost, depreciation and impairment loss of the property, plant and equipment of the Group were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Equipment to be inspected and construction in progress</u>	<u>Total</u>
Cost:						
Balance on January 1, 2022	\$ 759,135	4,479,064	18,659,052	5,249,960	285,492	29,432,703
Additions	-	-	95,545	279,444	2,224,411	2,599,400
Disposals	-	-	(3,240,428)	(41,494)	-	(3,281,922)
Reclassification	-	-	13,559	1,613,242	(1,421,268)	205,533
Reclassify to assets held for sale	-	-	-	(1,030,662)	-	(1,030,662)
Effect of changes in foreign exchange rates	<u>678</u>	<u>3,385</u>	<u>3,086</u>	<u>429,442</u>	<u>129</u>	<u>436,720</u>
Balance on September 30, 2022	<u>\$ 759,813</u>	<u>4,482,449</u>	<u>15,530,814</u>	<u>6,499,932</u>	<u>1,088,764</u>	<u>28,361,772</u>
Balance on January 1, 2021	\$ 787,322	4,513,175	19,168,372	7,519,158	222,641	32,210,668
Additions	-	-	-	17,377	406,461	423,838
Disposals	-	(979)	(51,113)	(2,227)	-	(54,319)
Transfer in (out)	-	-	-	(916,977)	-	(916,977)
Reclassification	-	5,200	149,992	30,986	(204,013)	(17,835)
Reclassify to investment property	-	-	-	(262,256)	-	(262,256)
Reclassify to lease property	-	-	(2,826)	-	-	(2,826)
Reclassify to assets held for sale	(18,794)	-	-	(1,354,454)	(192,538)	(1,565,786)
Effect of changes in foreign exchange rates	<u>(9,930)</u>	<u>(48,737)</u>	<u>(50,590)</u>	<u>(45,805)</u>	<u>(4,081)</u>	<u>(159,143)</u>
Balance on September 30, 2021	<u>\$ 758,598</u>	<u>4,468,659</u>	<u>19,213,835</u>	<u>4,985,802</u>	<u>228,470</u>	<u>29,655,364</u>
Accumulated depreciation						
Balance on January 1, 2022	\$ -	1,851,219	17,196,768	2,171,021	-	21,219,008
Depreciation	-	156,830	419,979	178,396	-	755,205
Impairment loss	-	-	-	121,545	-	121,545
Disposals	-	-	(3,237,318)	(41,494)	-	(3,278,812)
Reclassify to assets held for sale	-	-	-	(492,076)	-	(492,076)
Effect of changes in foreign exchange rates	<u>-</u>	<u>482</u>	<u>221</u>	<u>160,508</u>	<u>-</u>	<u>161,211</u>
Balance on September 30, 2022	<u>\$ -</u>	<u>2,008,531</u>	<u>14,379,650</u>	<u>2,097,900</u>	<u>-</u>	<u>18,486,081</u>
Balance on January 1, 2021	\$ -	1,651,948	17,364,601	2,598,464	144,666	21,759,679
Depreciation	-	155,739	424,768	193,364	-	773,871
Disposal	-	(979)	(51,113)	(1,908)	-	(54,000)
Transfer in (out)	-	-	-	(268,980)	-	(268,980)
Reclassification	-	-	(2,048)	(1,392)	-	(3,440)
Reclassify to investment property	-	-	-	(143,805)	-	(143,805)
Reclassify to lease property	-	-	(2,826)	-	-	(2,826)
Reclassify to assets held for sale	-	-	-	(288,532)	(142,426)	(430,958)
Effect of changes in foreign exchange rates	<u>-</u>	<u>(7,864)</u>	<u>(11,862)</u>	<u>(11,886)</u>	<u>(1,437)</u>	<u>(33,049)</u>
Balance on September 30, 2021	<u>\$ -</u>	<u>1,798,844</u>	<u>17,721,520</u>	<u>2,075,325</u>	<u>803</u>	<u>21,596,492</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Equipment to be inspected and construction in progress</u>	<u>Total</u>
Carrying amounts:						
Balance on January 1, 2022	\$ 759,135	2,627,845	1,462,284	3,078,939	285,492	8,213,695
Balance on September 30, 2022	\$ 759,813	2,473,918	1,151,164	4,402,032	1,088,764	9,875,691
Balance on January 1, 2021	\$ 787,322	2,861,227	1,803,771	4,920,694	77,975	10,450,989
Balance on September 30, 2021	\$ 758,598	2,669,815	1,492,315	2,910,477	227,667	8,058,872

- (i) Reclassify to assets held for sale, please refer to Note 6(g).
- (ii) In the second quarter of 2021, some buildings were transferred to investment property at the fair value of the building at the date of transfer, because they were no longer used by the Group, and it was decided that the building would be leased to a third party. Please refer to Note 6(l).
- (iii) The aforementioned property, plant and equipment of the Group had been pledged as collateral, please refer to Note 8.
- (iv) For the nine months ended September 30, 2022, capitalized borrowing costs were \$22,196 thousand relating to the acquisition of constructing factory, with capitalization rates of 1.9439%~2.79%. There were no such situation of September 30, 2021.

(k) Right-of-use assets

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Carrying amount:					
Balance at September 30, 2022	\$ 370,939	20,132	1,631	56,266	448,968
Balance at December 31, 2021	\$ 385,988	23,651	2,695	18,674	431,008
Balance at September 30, 2021	\$ 392,995	28,635	2,198	18,250	442,078

In the second quarter of 2021, the Group lease the land, building, machinery and equipment and other equipment of right-of-use asset to the third party, which reclassified to investment property for \$109,390 thousand. Except for the above, there were no significant additions, disposal, or recognition and reversal of the impairment losses of right-of-use assets leased by the Group for the nine months ended September 30, 2022 and 2021. Please refer to the 2021 annual consolidated financial statements for other related information.

(l) Investment property

The investment property includes the property owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 3 ~ 10 years. Some leases provide the lessees with options to extend at the end of the term.

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The details of investment property are as follows:

	Properties		Right-of-use asset	Total
	Land	Buildings	Land	
Carrying amount:				
Balance at September 30, 2022	\$ <u>747,300</u>	<u>1,847,638</u>	<u>158,481</u>	<u>2,753,419</u>
Balance at December 31, 2021	\$ <u>747,300</u>	<u>1,929,695</u>	<u>167,130</u>	<u>2,844,125</u>
Balance at September 30, 2021	\$ <u>747,300</u>	<u>1,958,985</u>	<u>169,084</u>	<u>2,875,369</u>

In the second quarter of 2021, the Group lease its own buildings and the land of right-of-use asset to the third party, which reclassified to investment property \$118,451 thousand and \$109,390 thousand, respectively. Except for the above, there were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the nine months ended September 30, 2022 and 2021. Please refer to the 2021 annual consolidated financial statements for other related information.

The fair value of the investment property was not significantly different from those disclosed in the annual consolidated financial statements for the year ended December 31, 2021.

The investment property had been pledged as collateral for long-term borrowings, please refer to Note 8.

(m) Intangible assets

	Contract with Consultants	Contract with Customers	Other	Total
Carrying amount:				
Balance at September 30, 2022	\$ <u>-</u>	<u>-</u>	<u>3,677</u>	<u>3,677</u>
Balance at December 31, 2021	\$ <u>-</u>	<u>-</u>	<u>4,803</u>	<u>4,803</u>
Balance at September 30, 2021	\$ <u>-</u>	<u>-</u>	<u>5,444</u>	<u>5,444</u>

Due to reclassification of the intangible asset to the asset held for sale, it decreased by \$63,985 thousand for the nine months ended September 30, 2021. Except for the above, there were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2022 and 2021. Please refer to the 2021 annual consolidated financial statements for other related information.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loans	\$ 1,267,187	50,389	3,225,255
Power plant under construction project loans	422,734	-	-
Total	<u>\$ 1,689,921</u>	<u>50,389</u>	<u>3,225,255</u>
Range of interest rates	<u>1.8%~4.57%</u>	<u>1.85%</u>	<u>1.00%~1.90%</u>

Please refer to Note 8 for details of the guarantee situation of the consolidated company using assets to set mortgage for bank loans.

(o) Short-term notes and bills payable

	September 30, 2022	December 31, 2021	September 30, 2021
Commercial paper payable	\$ -	221,300	466,000
Less: discounts on commercial paper payable	-	(47)	(147)
	<u>\$ -</u>	<u>221,253</u>	<u>465,853</u>

There were no significant issues, repurchases and repayments of short-term notes and bills payable for the nine months ended September 30, 2022 and 2021. Please refer to the 2021 annual consolidated financial statements for other related information.

(p) Long-term liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Secured bank loans</u>			
Bank Loan - Syndicated loans	\$ 4,451,389	4,877,046	5,184,931
Bank Loan - Power Plant Project Loans	309,082	355,889	790,444
Bank Loan - Medium and Long-Term Loans	-	-	315,000
Other financing loan	714,551	607,415	606,883
<u>Unsecured bank loans</u>			
Bank Loan - Medium and Long-Term Loans	120,735	119,895	170,680
Other financing loan	-	-	2,441
	5,595,757	5,960,245	7,070,379
Less: Current portion	(2,549,560)	(2,434,533)	(3,156,185)
Total	<u>\$ 3,046,197</u>	<u>3,525,712</u>	<u>3,914,194</u>
Range of interest rates	<u>1.92%~4.75%</u>	<u>1.91%~4.75%</u>	<u>1.08%~4.75%</u>

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 1) The long-term loan contracts listed above will expire in November 2043.
- 2) Except for the following, there were no significant issues, repurchases and repayments of long-term borrowings for the nine months ended September 30, 2022 and 2021. Please refer to the 2021 annual consolidated financial statements for other related information.
- 3) Compliance with loan contracts
 - a) The Group entered into a syndicated loan contract with FMO Bank and DEG Bank. According to the terms and conditions on the contract, it requires the borrower, JRC, to maintain certain financial ratios based on their annual and semiannual consolidated financial reports, wherein the balance of the special reserve account should not be below USD\$3,000 thousand. The Group intend to sell the subsidiaries and reclassify the related borrowings to liabilities held for sale, please refer to note 6(g). The subsidiary was sold in the second quarter of 2022.
 - b) The Group entered into a middle-to-long-term guaranteed loan from CATHAY BANK. According to the terms and conditions of the contract, it requires that the borrower, GES USA, to maintain certain financial ratios during the credit period. The loan had already been repaid in February 2022.
 - c) The Group entered into a long-term loan agreement with Bank SinoPac. According to the terms and conditions on the contract, it requires the borrower, Yong Liang, to maintain certain financial ratios during the credit period. The financial ratios as of 30 September 2022 are in compliance with the above requirements.
 - d) The Group entered into middle-to-long-term guaranteed loan with CATHAY BANK. According to the terms and conditions on the contract, it requires the borrower, MEGATWELVE, MEGATHIRTEEN and ASSETTHREE to maintain certain financial ratios based on its annual financial reports during the credit period. The ratios did not meet the above requirements on December 31, 2021, the Group has increased the compensation fund in accordance to the terms, and no breach of contract was committed. The loan had already been repaid in February 2022.
 - e) The Group entered into \$10.13 billion and \$0.5 billion syndicated loans with First Bank. According to the terms and conditions on the contract, it requires the Group to maintain certain financial ratios based on its annual and semiannual consolidated financial reports during the credit period. The ratios did not meet the above requirements on June 30, 2021. The loan had already been repaid in the third quarter of 2021.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- f) The Group entered into \$6 billion syndicated loans with First Bank. According to the terms and conditions on the contract, it requires the Group to maintain certain financial ratios based on its annual and semiannual consolidated financial reports during the credit period. As of December 31, 2021, although the Interest Protection Multiples (IPM) did not meet the above requirements, no breach of contract was committed. Instead, the Group have to the pay compensation fees to all joint credit banks each month until the next utilization date or the base date of interest rate adjusted to improve the financial ratio. In addition, according to the terms on the contract, the financial ratios need not be reviewed this quarter due to the financial ratios as of 30 June 2022 are in compliance with the requirement.
- g) The Group entered into a \$4.5 billion syndicated loan with First Bank. According to the terms and conditions on the contract, it requires Utech's to maintain certain financial ratios based on its annual financial reports during the credit period. The abovementioned syndicated loans and other loans which were lent by other banks had expired on September 30, 2022. The Group completed the negotiation to extend the maturity date to September 30, 2023, and the financial ratios before the maturity date need not be reviewed. As of September 30, 2022, the balance of bank loan was \$2,302,295 thousand.
- 4) Other loan agreements
- The Group signed two long term contracts, with a duration of 25 year, with IMPA in December of 2017 and June of 2018. According to the terms and conditions of the loan, IMPA has the right to purchase all the shares of both GES AC, a company owned by the Group through MEGASIXTEEN, and AC GES, a company owned by the Group through TEV II and TEV Solar, starting from December 2022 and June 2024 respectively. Therefore, the contract includes an embedded derivative (selling a call option) that is not closely related to the main contract and is recognized as a financial liability designated at fair value through profit and loss; please refer to note 6(b) and (ad). According to the contracts, it restricts part of the consolidated entities to transfer the shares before the derivatives instrument expires; please refer to note 13(b).
- The interest rates of MEGASIXTEEN and TEV II borrowing from IMPA were 4.25% and 4.75% respectively. After separating the short call option from the main contract, the adjusted loan interest rates became 11.08% and 11.38%, respectively.
- 5) Please refer to Note 8 for details of the guarantee situation of the consolidated company using assets to set mortgage for bank loans.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Bonds payable

Information about the Group's issuance of secured convertible bonds is as follows:

	September 30, 2022	December 31, 2021
Issuance amount	\$ 3,000,000	3,000,000
Unamortized discount	(34,901)	(47,550)
Ending balance of bonds payable	<u>\$ 2,965,099</u>	<u>2,952,450</u>
Embedded derivative component—redemption rights (recorded as financial assets at fair value through profit or loss - non-current)	<u>\$ 2,100</u>	<u>6,900</u>
Equity component—conversion right (recorded as capital surplus)	<u>\$ 177,366</u>	<u>177,366</u>
	For the three months ended September 30,	For the nine months ended September 30,
	2022	2021
Embedded derivative component—revaluation loss on redemption rights (recorded as other gains and losses)	<u>\$ (1,500)</u>	<u>-</u>
Interest expense	<u>\$ 4,217</u>	<u>-</u>

The Issuance information on the secured convertible bonds was as follows:

	3rd domestic unsecured convertible bonds
Issuance amount	\$3,000,000 thousand
Issuance date	2021.10.25
Issuance price	At 104.18% of par value
Coupon rate	0%
Issuance period	2021.10.25~2024.10.25
Trustee bank	Bank SinoPac
Guarantee agencies	FIRST BANK and others
Redemption rights	The Company may redeem the bonds at face value with cash after January 26, 2022, and before September 14, 2024 that if the closing price of the common shares on TWSE on each trading day during a period of 30 consecutive trading dates exceeds at least 30% of the conversion price or if the outstanding balance of the bonds is less than 10% of the issuance amount.
Put option	None

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

**3rd domestic unsecured
convertible bonds**

Conversion period of convertible bonds	Each holder of the bonds will have the right at any time during the period from January 26, 2022, to October 25, 2024, to convert their bonds through Taiwan Depository & Clearing Corporation (“TDCC”). It is requested to the Company's stock agency to convert the convertible bonds held into the Company's ordinary shares in accordance with these regulations.
Conversion price	The conversion price is set at \$20.9 per share at the time of issuance. In the event of an adjustment to the conversion price of the Company's ordinary shares that complies with the terms of issuance, the conversion price shall be adjusted according to the formula specified in the terms of issuance.

(r) Preference share liabilities

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Class A preference shares	\$ 10,154	16,500	19,471
Less: Current portion	(9,447)	(12,123)	(13,658)
Total	<u>\$ 707</u>	<u>4,377</u>	<u>5,813</u>

The Group’s subsidiaries, MEGASIXTEEN and TEV II, have issued Class A preference shares through GES AC and AC GES respectively. Relevant information was as follows:

	<u>issued by MEGASIXTEEN</u>	<u>issued by TEV II</u>
Issuance date	2017.12	2018.12
Total amount issued	USD11,920 thousand dollars	USD10,051 thousand dollars
percentages of Class A preference shares held by shareholders	32.41%	33.81%
Issuance terms		
- Voting rights	Yes	Yes
- Dividend rights	Shareholders will be given priority to receive cumulative cash dividend of 0.65% with a monthly fixed Asset Management Fee each quarter and are entitled to 99% of profits sharing before expiration date December 2022.	Shareholders will be given priority to receive cumulative cash dividend of 0.675% with a monthly fixed Asset Management Fee each quarter and are entitled to 99% of sharing earned before expiration date June 2024.
- Others	Starting from December 2022, the Group would be able to repurchase the entirety of Class A shares at contract price.	Starting from June 2024, the Group would be able to repurchase the entirety of Class A shares at contract price.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

According to the above clauses, the Group has the financial obligation to make regular fixed payments to Class A preference shares shareholders. Therefore, the liabilities are separated and recognized as preference shares liabilities at the time of initial recognition.

In addition, the Group has the right to purchase all the Class A preference shares from the shareholders on a specified date. The above right is an embedded derivative call option, which is a financial asset designated at fair value through profit and loss at initial recognition, that is not closely related to the host contract. Please refer to note 6 (b) and (ad) for more details.

(s) Lease liabilities

The Group leases certain land, buildings and transportation equipment for operating with lease terms of 3 ~ 20 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. Therefore, some of these arrangements contain renewal options.

Carrying amount of the lease liabilities of the Group were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Current	\$ <u>52,278</u>	<u>59,058</u>	<u>32,464</u>
Non-current	\$ <u>581,418</u>	<u>560,061</u>	<u>1,211,755</u>

For the maturity analysis, please refer to note 6(ad) financial instruments.

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Interest on lease liabilities	\$ <u>4,153</u>	<u>4,275</u>	<u>12,968</u>	<u>12,986</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>15,809</u>	<u>3,336</u>	<u>27,667</u>	<u>9,329</u>
Expenses relating to short-term leases	\$ <u>4,464</u>	<u>3,565</u>	<u>9,648</u>	<u>22,875</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>110</u>	<u>474</u>	<u>286</u>	<u>1,443</u>

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in the statement of cash flows for the Group was as follow:

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Total cash outflow for leases	<u>\$ 97,613</u>	<u>82,479</u>

(t) Provisions

	September 30, 2022	December 31, 2021	September 30, 2021
Warranties	\$ 112,435	92,972	99,618
Onerous contracts	39,600	64,746	72,983
Site restoration	50,406	8,075	-
	<u>\$ 202,441</u>	<u>165,793</u>	<u>172,601</u>

There were no significant changes in provisions for the nine months ended September 30, 2022 and 2021. Please refer to the 2021 annual consolidated financial statements for other related information.

(u) Operating lease

There were no significant changes in operating lease for the nine months ended September 30, 2022 and 2021. Please refer to the 2021 annual consolidated financial statements for other related information.

(v) Employee benefits

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$14,129 thousand, \$14,031 thousand, \$40,293 thousand and \$39,779 thousand for the three months and nine months ended September 30, 2022 and 2021, respectively.

(w) Income Taxes

(i) Components of income tax of the Group were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Income tax expense (income)	<u>\$ 161</u>	<u>(3,169)</u>	<u>6,680</u>	<u>729</u>

(ii) For the nine months ended September 30, 2022 and 2021, there was no income tax recognized in other comprehensive income.

(iii) The Company's tax returns for the years through 2019 were assessed by the National Tax Bureau.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Capital and other equity

Except for the following disclosure, there was no significant change in for capital and other equity for the periods from January 1 to September 30, 2022 and 2021. For the related information, please refer to the consolidated financial statements for the year ended December 31, 2021.

(i) Ordinary shares

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Authorized share capital	\$ <u>36,000,000</u>	<u>36,000,000</u>	<u>36,000,000</u>
Issued share capital	\$ <u>16,277,905</u>	<u>16,278,140</u>	<u>15,079,003</u>
Total shares issued	\$ <u>1,627,791</u>	<u>1,627,814</u>	<u>1,507,900</u>

Of the Group's authorized shares, 80,000 thousand shares had been reserved for the issuance of employee share options.

Resolutions were approved during the general meetings of the shareholders held on May 7, 2021, to reduce capital to cover accumulated deficits \$11,571,175 thousand, and has already gotten the approval from the competent authority.

(ii) Capital surplus

The Company's capital surplus includes share premium, conversion right of convertible bonds, change in equity of subsidiaries, associates and joint venture under equity method, and restricted shares for employees, etc.

Both resolutions were approved during the general meetings of the shareholders held on June 24, 2022, and May 7, 2021 to offset the deficit against the capital surplus of \$822,510 thousand and \$9,887 thousand, respectively.

(iii) Retained Earnings

According to the Articles of Incorporation, after-tax earnings are initially used to offset cumulative losses, and 10% of the remainder is set aside as a legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Aside from the aforesaid, the Company may, under its Articles of Incorporation or as required by the government, appropriate or reverse for special reserve. The remaining balance of the earnings, if any, may be appropriated according to the Board of Directors. Besides, if the distribution plan is issuing new shares, it should be appropriated according to a resolution of a shareholder's meeting.

In accordance with the Company Law, two thirds of directors must be present in the board meeting, and more than half of the directors present agree, then the Board of Directors is authorized to distribute dividends, bonuses or all or a portion of the legal reserve and capital surplus as stipulated in Item 1 of Article 241 of the Company Law in the form of cash, which is reported to the shareholders' meeting.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In principle, the Group distributes dividends via both shares and cash as their dividend policy, and cash dividends should not be less than 10% of total dividends distributed.

The offset of accumulated deficits for 2021 and 2020 had been resolved, respectively, during the shareholder's meeting held on June 24, 2022 and May 7, 2021. Related information would be available at the Market Observation Post System website.

(iv) Treasury shares

The Group acquired treasury shares as result of merging Gintech Energy on October 1, 2018. Related information was as follow:

	Number of shares held (in thousands of shares)	Carrying Amount	Market Price
Balance at September 30, 2022	<u>\$ 1,066</u>	<u>18,699</u>	<u>22,965</u>
Balance at December 31, 2021	<u>\$ 1,066</u>	<u>18,699</u>	<u>23,285</u>
Balance at September 30, 2021	<u>\$ 1,066</u>	<u>18,699</u>	<u>21,846</u>

The shares of the Group held by Utech has been treated as treasury shares. They were same as general shareholders except for the rights of cash injection and the rights of voting. The change of the treasury shares was the capital reduction offset accumulated deficits.

(y) Share-based payment

- (i) As of September 30, 2022, the Group's restricted share plan for employees are as follows. There were no significant changes in share-based payment for the nine months ended September 30, 2022 and 2021. Please refer to the 2021 annual consolidated financial statements for other related information.

	Restricted share plan for employees	
	Issued in 2020	Issued in 2019
Grant date	August 11, 2020	November 11, 2019
Number of shares granted (in thousand shares)	795	2,205
Contract term	2 years	2 years
Recipients	Employees of the Company	Employees of the Company
Vested conditions	Still in service two years after the grant date	Still in service two years after the grant date
Other conditions	The Group will reduce capital and adjust the number of forfeited shares	The Group will reduce capital and adjust the number of forfeited shares

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Information for the cost of share-based payment

	For the nine months ended September 30,	
	2022	2021
Wages expense	\$ 652	5,095
(z) Earnings (loss) per share		

Calculations on earnings (loss) per share of the Group were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Basic earnings (loss) per share:				
Profit (loss) attributable to ordinary shareholders of the Company	\$ 192,918	(90,749)	967,305	(848,252)
Weighted average number of ordinary shares outstanding (in thousands of shares)	1,626,670	1,506,138	1,626,624	1,506,068
Earnings (loss) per share	\$ 0.12	(0.06)	0.59	(0.56)
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ 192,918		967,305	
Bonds discount and amortized issuance costs	3,373		10,119	
Total amount	196,291		977,424	
Weighted average number of ordinary shares outstanding (in thousands of shares)	1,626,670		1,626,624	
Effect of convertible bonds (in thousands of shares)	143,541		143,541	
Effect of employee bonuses (in thousands of shares)	1,732		1,732	
Weighted average number of ordinary shares (diluted) (in thousands of shares)	1,771,943		1,771,897	
Diluted earnings per share	\$ 0.11		0.55	

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(aa) Revenue from contracts with customers

(i) Disaggregation of revenue:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Major products				
Solar products	\$ 4,517,360	3,140,696	12,030,927	8,751,278
System	227,896	228,166	861,512	938,699
Other	1,145	134,961	438,855	488,497
	<u>\$ 4,746,401</u>	<u>3,503,823</u>	<u>13,331,294</u>	<u>10,178,474</u>

(ii) Contract balance

	September 30, 2022	December 31, 2021	September 30, 2021
Notes and accounts receivable	<u>\$ 2,825,320</u>	<u>2,096,909</u>	<u>2,493,483</u>
Contract assets			
OEM contract	\$ 139,608	105,607	-
Construction contract	256,768	109,580	-
Power plant construction contract	-	-	149,481
Less: allowance for impairment	-	-	-
	<u>\$ 396,376</u>	<u>215,187</u>	<u>149,481</u>
Contract liabilities			
Sales of products	\$ 544,306	477,713	572,884
Construction contract	26,512	28,953	62,162
	<u>\$ 570,818</u>	<u>506,666</u>	<u>635,046</u>

- 1) The details on accounts receivable and allowance for impairment, please refer to note 6(e).
- 2) The beginning balance of contract liabilities recognized as revenue from January 1 to September 30, 2022 and 2021 were \$417,251 thousand and \$235,872 thousand, respectively.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 3) Contract asset is providing OEM contracts for customers that exchange equivalent consideration rights and recognized construction income which has not yet been requested until the reporting date.

(ab) Employee compensation and directors' remuneration

According to the Articles of Incorporation, once the Group has annual profit, it should appropriate no less than 3% of the profit to its employees and 2% or less to its directors and supervisors as remuneration. However, if the Group has accumulated deficits, the profit should be reserved to offset the deficit.

The recipients of above-mentioned remuneration may include employees of controlling or affiliated companies who meet certain conditions, and the relevant conditions and methods are authorized by the Board of Directors or by persons authorized by them.

The remunerations to employees and directors amounted to \$37,317 thousand and \$7,463 thousand, respectively, for the nine months ended September 30, 2022. The estimated amounts mentioned above are calculated based on the net profit before tax excluding the remunerations to employees and directors of each period, multiplied by the percentage of remunerations to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employee' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors. There were no such situation of September 30, 2021. Related information would be available at the Market Observation Post System website.

(ac) Non-operating Income and Expenses

(i) Other income

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Lease income	\$ 50,618	56,844	148,937	141,883
Dividend income	16,088	12,064	16,088	14,178
Other income	<u>29,800</u>	<u>11,635</u>	<u>118,485</u>	<u>51,575</u>
	<u>\$ 96,506</u>	<u>80,543</u>	<u>283,510</u>	<u>207,636</u>

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other gains and losses

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Gain (loss) on foreign currency exchange	\$ 131,905	(18,640)	250,430	(16,800)
Gain on disposal of property, plant and equipment and power facilities business	95	94	33,529	94
Loss on disposals of investments	-	(6,397)	(648)	(101,795)
Impairment loss of non-current assets held for sale	(121,545)	-	(121,545)	(15,791)
(Losses) gains on financial assets (liabilities)	(97,133)	12,053	(167,678)	28,615
Other	<u>240,790</u>	<u>(2,569)</u>	<u>227,132</u>	<u>(22,543)</u>
	<u>\$ 154,112</u>	<u>(15,459)</u>	<u>221,220</u>	<u>(128,220)</u>

The Group didn't fulfill the procurement agreement with the supplier K, who won the lawsuit in the high court on January 27, 2021. Therefore, the Group recognized compensation losses on December 31, 2020. The Group has reached a settlement with the supplier K on August 19, 2022, and has reversed compensation losses \$526,152 thousand.

Besides, the clients FD and FE companies claimed damages from the Group according to the procurement agreement, and the FD and FE companies won the lawsuit; therefore, the Group has reached a settlement with FD and FE companies on October 26, 2022. The Group has recognized \$156,800 thousand as compensation losses.

(ad) Financial Instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to the consolidated financial statements for the year ended December 31, 2021.

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Concentration of credit risk

The Group has a large customer base, and is diversified across different industries and geographical locations, not related to each other, therefore, the concentration of credit risk is not large.

3) Credit risk of receivables and debt securities

The Group's financial assets at amortized cost, accounts receivable and other receivables are all with low risk on the reporting date. Therefore, the Group measures the allowance for impairment based on the 12 months expected credit loss. Please refer to note 6(d), (e) for relevant credit risk information.

(ii) Liquidity risk

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

	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>Over 3 years</u>
September 30, 2022					
Non-derivative financial liabilities					
Bank borrowings	\$ 7,926,247	4,421,161	2,246,987	104,572	1,153,527
Lease liabilities	792,259	67,829	60,589	58,859	604,982
Non-interest bearing liabilities	2,911,708	2,911,708	-	-	-
Derivative financial liabilities (Note)					
Inflow	(1,466,318)	(1,466,318)	-	-	-
Outflow	<u>1,463,598</u>	<u>1,463,598</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,627,494</u>	<u>7,397,978</u>	<u>2,307,576</u>	<u>163,431</u>	<u>1,758,509</u>
December 31, 2021					
Non-derivative financial liabilities					
Bank borrowings	\$ 6,619,127	2,625,798	776,875	2,193,578	1,022,876
Short-term notes and bills payable	221,300	221,300	-	-	-
Lease liabilities	798,978	74,879	55,952	53,537	614,610
Non-interest bearing liabilities	2,722,927	2,722,927	-	-	-
Derivative financial liabilities (Note)					
Inflow	(1,149,027)	(1,149,027)	-	-	-
Outflow	<u>1,141,643</u>	<u>1,141,643</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,354,948</u>	<u>5,637,520</u>	<u>832,827</u>	<u>2,247,115</u>	<u>1,637,486</u>
September 30, 2021					
Non-derivative financial liabilities					
Bank borrowing	\$ 10,976,099	6,557,655	921,583	2,459,754	1,037,107
Short-term notes and bills payable	466,000	466,000	-	-	-
Lease liabilities	1,562,233	75,848	77,442	95,033	1,313,910
Non-interest bearing liabilities	3,085,449	3,085,449	-	-	-
Derivative financial liabilities (Note)					
Inflow	(432,720)	(432,720)	-	-	-
Outflow	<u>428,824</u>	<u>428,824</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 16,085,885</u>	<u>10,181,056</u>	<u>999,025</u>	<u>2,554,787</u>	<u>2,351,017</u>

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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Note: The call option sold derives from the loan contract signed by the Group and IMPA (please refer to note 6(p) for more details). This financial liability is recognized at fair value (please refer to note 6(b)), and has been adjusted according to the real interest rate of the contract. The relevant cash flow also reflects the contractual cash flow of the bank loan, therefore it is not included in the cash flow from derivative financial instruments.

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

(iii) Market risk

1) Currency risk

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

	September 30, 2022			December 31, 2021			September 30, 2021		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
Financial assets									
Monetary items									
USD	\$ 133,156	31.7750	4,231,032	107,578	27.6700	2,976,683	128,958	27.8600	3,592,770
EUR	7,686	31.1500	239,419	4,753	31.3700	149,102	10,684	32.3400	345,521
GBP	1,218	35.2400	42,922	325	37.3300	12,132	1,152	37.5100	43,212
Non-Monetary items									
MYR	11,448	6.5750	75,269	10,580	6.3630	67,322	10,350	6.3810	66,042
Financial liabilities									
Monetary items									
USD	58,932	31.7750	1,872,564	76,170	27.6700	2,107,624	134,128	27.8600	3,736,806
EUR	6,366	31.1500	198,301	953	31.3700	29,896	3,847	32.3400	124,412

The Group's exposure to currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, and accounts and other payables that are denominated in foreign currency. The weakening or strengthening of 1% on the above-mentioned foreign currency against the New Taiwanese Dollars would have decreased or increased and increased or decreased the net profit (loss) before tax for the nine months ended September 30, 2022 and 2021 by \$24,425 thousand and \$2,076 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the two periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the nine months ended September 30, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions), please refer to note 6 (ac).

2) Interest rate risk

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

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.25%, the Group's net income would have decreased / increased by \$2,468 thousand and \$2,023 thousand for the nine months ended September 30, 2022 and 2021 with all other variable factors remaining constant. This is mainly due to the exposure of the fair value interest rate risk of the Group's variable interest rate deposit and loans.

In addition, the Group's financial assets and liabilities with fixed interest rate are measured at amortized cost. The profit and loss of financial instruments are unaffected by fluctuations in interest rate on the reporting date, therefore, no sensitivity analysis has been disclosed.

3) Other market price risk

The Group's exposure to price risk on equity investments mainly arises from the investment of financial assets measured at fair value through other comprehensive income. If the price of the securities fluctuates on the reporting date (the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss), the impact on the consolidated income items are as follows:

<u>Prices of securities at the reporting date</u>	<u>For the nine months ended September 30, 2022</u>	<u>For the nine months ended September 30, 2021</u>
Increasing 5%	\$ <u>16,448</u>	<u>22,683</u>
Decreasing 5%	\$ <u>(16,448)</u>	<u>(22,683)</u>

4) Fair value of financial instruments

a) Fair value hierarchy

The Group's financial assets and liabilities measured at fair value through profit and loss, financial assets and liabilities for hedging and financial assets measured at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amount and fair value of various types of financial assets and liabilities (including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required) are listed as follows:

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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	September 30, 2022				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit and loss					
Derivative financial assets	\$ 181,078	-	2,720	178,358	181,078
Financial assets at fair value through other comprehensive income					
Listed domestic stocks	\$ 328,958	166,628	162,330	-	328,958
Non-quoted equity instruments measured at fair value	342,938	-	-	342,938	342,938
Subtotal	\$ 671,896	166,628	162,330	342,938	671,896
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 3,699,076				
Accounts receivable (including related parties)	2,825,320				
Other receivables (including related parties)	516,521				
Other financial assets	624,594				
Refundable deposits	140,787				
Other non-current assets	425,978				
	\$ 8,232,276				
Financial liabilities at fair value through profit and loss					
Derivative financial liabilities	\$ 66,006	-	-	66,006	66,006
Financial liabilities measured at amortized cost					
Bonds payable	\$ 2,965,099				
Long-term and short-term borrowings	7,285,678				
Accounts payable (including related parties)	1,367,936				
Lease liabilities	633,696				
Preference share liabilities	10,154				
Other financial liabilities	1,543,772				
	\$ 13,806,335				

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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	December 31, 2021				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ <u>171,351</u>	<u>-</u>	<u>7,384</u>	<u>163,967</u>	<u>171,351</u>
Financial assets at fair value through other comprehensive income					
Listed domestic stocks	\$ 389,616	167,366	222,250	-	389,616
Non-quoted equity instruments measured at fair value	<u>55,887</u>	<u>-</u>	<u>-</u>	<u>55,887</u>	<u>55,887</u>
Subtotal	<u>\$ 445,503</u>	<u>167,366</u>	<u>222,250</u>	<u>55,887</u>	<u>445,503</u>
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 5,254,173				
Accounts receivable (including related parties)	2,096,909				
Other receivables (including related parties)	570,917				
Other financial assets	924,036				
Refundable deposits	654,938				
Other non-current assets	<u>453,208</u>				
	<u>\$ 9,954,181</u>				
Financial liabilities at fair value through profit and loss					
Derivative financial liabilities	\$ <u>51,821</u>	<u>-</u>	<u>-</u>	<u>51,821</u>	<u>51,821</u>
Financial liabilities measured at amortized cost					
Bonds payable	\$ 2,952,450				
Lone-term and short-term borrowings	6,010,634				
Short-term notes payable	221,253				
Accounts payable (including related parties)	1,355,764				
Lease liabilities	619,119				
Preference share liabilities	16,500				
Other financial liabilities	<u>1,367,163</u>				
	<u>\$ 12,542,883</u>				

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2021				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit and loss					
Derivative financial assets	\$ <u>174,324</u>	<u>-</u>	<u>3,897</u>	<u>170,427</u>	<u>174,324</u>
Financial assets at fair value through other comprehensive income					
Listed domestic stocks	\$ 453,653	158,253	295,400	-	453,653
Non-quoted equity instruments measured at fair value	<u>62,991</u>	<u>-</u>	<u>-</u>	<u>62,991</u>	<u>62,991</u>
Subtotal	<u>\$ 516,644</u>	<u>158,253</u>	<u>295,400</u>	<u>62,991</u>	<u>516,644</u>
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 4,614,037				
Accounts receivable (including related parties)	2,493,483				
Other receivables (including related parties)	685,074				
Financial assets measured at amortized cost	139,300				
Other financial assets	800,813				
Refundable deposits	<u>738,081</u>				
	<u>\$ 9,470,788</u>				
Financial liabilities at fair value through profit and loss					
Derivative financial liabilities	\$ <u>66,700</u>	<u>-</u>	<u>-</u>	<u>66,700</u>	<u>66,700</u>
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	\$ 10,295,634				
Short-term notes payable	465,853				
Accounts payable (including related parties)	1,719,894				
Lease liabilities	1,244,219				
Preference share liabilities	19,471				
Other financial liabilities	<u>1,365,556</u>				
	<u>\$ 15,110,627</u>				

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

i) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

ii) Financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

c) Valuation techniques for financial instruments measured at fair value

i) Non-derivative financial instruments

If the financial instruments have a quoted price in an active market, the fair value should be determined on that price. The price quoted in major exchanges and over-the-counter trading are all considered basis for fair value determination for listed equity instruments.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide.

The financial instruments held by the Group are distinguished according to the evaluation sources used to determine its fair value as follows:

- Financial instruments with an active market: including listed company stocks and fund beneficiary certificates, etc. The fair value of these instruments is determined by reference to their respective market quotes.
- Financial instruments without active market: Fair value is based on valuation techniques or reference counterparty quotes. The fair value obtained through evaluation techniques can refer to the current fair value of other financial instruments with similar conditions and characteristics, discounted cash flow method or other evaluation techniques, including calculations based on market information available on the date of the consolidated balance sheet.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models; forward foreign exchange contracts are usually evaluated based on the current forward exchange rate, and the fair value of other types of derivative financial instruments are determined based on appropriate option pricing models (such as the Black-Scholes model) or other evaluation methods.

d) Reconciliation of Level 3 fair values

The changes in Level 3 fair values for the nine months ended September 30, 2022 and 2021 are as follows:

	Derivative instrument - Net of fair value measured through profit and loss		Non quoted equity instrument - fair value through other comprehensive income	
	2022	2021	2022	2021
Opening balance	\$ 112,146	82,317	55,887	62,991
Additions	(14,493)	-	228,262	-
Total gains and losses recognized in profit and loss	(1,213)	22,249	-	-
Total gains and losses recognized in other comprehensive income	-	-	53,173	-
Reclassification	-	-	5,616	-
Effect of exchange rate changes	15,912	(839)	-	-
Ending balance	<u>\$ 112,352</u>	<u>103,727</u>	<u>342,938</u>	<u>62,991</u>

As of September 30, 2022 and 2021, the total gains and losses were included in “other gains and losses” and “unrealized gains and losses of financial assets at fair value through other comprehensive income”. The relevant assets were as follows:

	For the nine months ended September 30,	
	2022	2021
Total gains and losses recognized:		
In gains and losses, and presented in “other gains and losses”	<u>\$ (1,213)</u>	<u>22,249</u>
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	<u>\$ 53,173</u>	<u>-</u>

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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- e) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss – derivative instruments" and "fair value through other comprehensive income – equity investments".

Most of the fair value classified as Level 3 are singular significant unobservable input value, except for equity investments without an active market, which has multiple significant unobservable input data. The significant unobservable input values of equity instruments without an active market are independent of each other, thus there are no correlation between them.

Quantified information of significant unobservable inputs was as follow:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurements</u>
Financial assets measured at fair value through profit and loss - derivatives instruments (long call options and short call options)	Option pricing model	·Stock price volatility (22%~32% for September 30, 2022 and December 31, 2021, 25%~33% for September 30, 2021, respectively)	·The higher the volatility of the stock price, the higher the fair value of longing the call option and lower the fair value of shorting the call option
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	Market Approach	·Discount for Lack of Marketability (10% for September 30, 2022) ·Price-Book Ratio (1.89 for September 30, 2022)	·The higher the Discount for Lack of Marketability, the lower the fair value ·The higher the ratio, the higher the fair value
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	Income Approach	·Discount rate (15.7236% for September 30, 2022)	·The higher the ratio, the lower the fair value

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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- f) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

	<u>Input value</u>	<u>Increase(+) or decrease(-)</u>	<u>The effect of fair value fluctuations in profit and loss</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
Financial assets measured at fair value through profit and loss - derivatives instruments (long call options)	22%~32%	+0.5%	-	-
Financial assets measured at fair value through profit and loss - derivatives instruments (short call options)	22%~32%	-0.5%	-	-
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	22%~30%	+0.5%	-	(1,503)
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	22%~30%	-0.5%	1,501	-
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	10%	+5%	-	(3,974)
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	10%	-5%	3,974	-
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	1.89	+5%	3,576	-
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	1.89	-5%	-	(3,576)
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	15.7236%	+3%	(34,037)	-
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	15.7236%	-3%	-	64,095

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

- (ae) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in the consolidated financial statements for the year ended December 31, 2021.

- (af) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021.

- (ag) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the nine months ended September 30, 2022 and 2021, were as follows:

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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- (i) Acquisition of Right-of-use assets by lease, please refer to note 6(k).
(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Foreign exchange movements and others	September 30, 2022
Long-term borrowings	\$ 5,960,245	(526,506)	162,018	5,595,757
Short-term borrowings	50,389	1,628,306	11,226	1,689,921
Shor-term bills payable	221,253	(221,300)	47	-
Lease liabilities	619,119	(60,012)	74,589	633,696
Preference share liabilities	16,500	(13,117)	6,771	10,154
Bonds payable	2,952,450	-	12,649	2,965,099
Total liabilities from financing activities	<u>\$ 9,819,956</u>	<u>807,371</u>	<u>267,300</u>	<u>10,894,627</u>

	January 1, 2021	Cash flows	Foreign exchange movements and others	September 30, 2021
Long-term borrowings	\$ 10,482,412	(2,317,851)	(1,094,182)	7,070,379
Short-term borrowings	2,320,002	924,690	(19,437)	3,225,255
Shor-term bills payable	174,810	291,100	(57)	465,853
Lease liabilities	655,934	(48,832)	637,117	1,244,219
Preference share liabilities	28,282	(12,704)	3,893	19,471
Total liabilities from financing activities	<u>\$ 13,661,440</u>	<u>(1,163,597)</u>	<u>(472,666)</u>	<u>12,025,177</u>

(7) Related-party transactions:

- (a) Name and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
Phanes Holding Inc.	Other related party
Oryx Solar System Solutions LLC	Other related party
DS Energy Technology Co., Ltd. (“DS Energy”)	Other related party (Note 2)
Solarbright energy Co., Ltd. (“Solarbright”)	Associate
Apex Solar Corporation (“Apex”)	Associate (Note 1)
Clean Focus Yield Limited (“CFY”)	Other related party
Clean Focus Corporation (“CFC”)	Other related party
Verde Solar Inc.	Other related party
V5 Technologies Co., Ltd.	Associate
Gintung energy Corporation	Associate
CF MN DevCo One LLC	Joint venture
CF MN DevCo Two LLC	Joint venture
NSP ET CAP MN HOLDINGS LLC	Joint venture

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Note 1: A former subsidiary of the Group, wherein the Company disposed all of Apex's shares to Solarbright during the second quarter of 2021, hence Apex was listed as an associate.

Note 2: The Group has no significant influence on DS Energy in the third quarter of 2022. Therefore, only show the transactions as of June 30, 2022.

(b) Significant transactions with related parties

(i) Sales, accounts receivable and contract assets

Details of sales by the Group to related parties were as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2022	2021	2022	2021
Associates	<u>\$ 67,868</u>	<u>166,082</u>	<u>150,165</u>	<u>257,159</u>

The terms of sale between the Group and related parties are negotiated by both parties based on the market conditions of the relevant products. The details of the accounts receivable and contract assets from the above transactions were as follows:

	September 30, 2022		December 31, 2021		September 30, 2021	
	Accounts Receivable	Contract Assets	Accounts Receivable	Contract Assets	Accounts Receivable	Contract Assets
Associates						
Apex	\$ 16,906	27,758	8,431	31,821	46,945	38,504
Others	-	-	13,665	-	-	-
Other related parties						
CFC	139,220	-	126,769	-	127,639	-
Verde Solar Inc.	-	-	76,549	-	77,075	-
Less: Impairment allowance	-	-	(25)	-	-	-
	<u>\$ 156,126</u>	<u>27,758</u>	<u>225,389</u>	<u>31,821</u>	<u>251,659</u>	<u>38,504</u>

(ii) Purchases, accounts payable and contract liabilities

Details of purchases by the Group to related parties were as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2022	2021	2022	2021
Associates	<u>\$ -</u>	<u>1,625</u>	<u>3,996</u>	<u>6,953</u>

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The terms of the purchase between the Group and related parties are based on conditions agreed upon by both parties. The details of the contract liabilities from the above transactions were as follows:

	<u>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</u>	
	<u>Accounts Payable</u>	<u>Contract liabilities</u>	<u>Accounts Payable</u>	<u>Contract liabilities</u>	<u>Accounts Payable</u>	<u>Contract liabilities</u>
Associates	\$ -	25,386	-	23,223	2,132	41,788

- (iii) The following are mainly generated from mutual advance payments for building power facilities between the Group and related parties, which were including in other receivables and other current liabilities:

	<u>Other receivables</u>		
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Associates	\$ 381	381	276
Joint ventures	52,979	46,078	46,392
Other related parties			
CFC	189,298	292,952	294,963
Less: Impairment allowance	(12,075)	(10,515)	(10,587)
	<u>\$ 230,583</u>	<u>328,896</u>	<u>331,044</u>
	<u>Other current liabilities</u>		
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Associates	\$ 5,259	165	-
Joint ventures	25,029	21,795	21,945
	<u>\$ 30,288</u>	<u>21,960</u>	<u>21,945</u>

- (iv) Purchase of property, plant and equipment

	<u>Payables on equipment (classified as other current liabilities)</u>		
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Other related parties	\$ 2,240	1,951	1,964

- (v) Disposal of investee companies that adopt equity method

The Group invested in 28.67% of CFY's shares, with the right of redemption. Both parties agreed the Group require CFY to redeem all of its shares with certain conditions. The right has been executed by the Group in 2020, with the execution price of \$1,649,963 thousand. In addition, as of September 30, 2022, December 31 and September 30, 2021, the remaining balance on the above disposal amounting to \$115,197 thousand, \$100,315 thousand and \$101,004 thousand, respectively, which has not yet be collected, accounted for as other receivables from related parties.

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(vi) Disposal of subsidiaries

The Company disposed all of Apex's shares to Solarbright during the second quarter of 2021, with the consideration of \$198,282 thousand and the profit of \$83 thousand.

(vii) Acquisitions of financial assets

The Company acquired the marketable securities of Top Green Energy Technologies Inc. from Apex during the second quarter of 2021, with the consideration of \$27,098 thousand.

(c) Key management personnel compensation

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Short-term employee benefits	\$ 19,328	15,836	52,493	48,832
Post-employment benefits	287	361	922	1,084
Share-based payments	(1)	500	151	1,611
Total	\$ 19,614	16,697	53,566	51,527

Please refer to note 6(y) for further explanations related to share-based payments.

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	September 30, 2022	December 31, 2021	September 30, 2021
Property, plant and equipment	\$ 3,576,229	3,908,489	3,036,034
Investment property	2,493,965	2,569,975	2,595,312
Non-current assets held for sale	-	1,253,441	1,153,236
Financial assets at fair value through other comprehensive income	-	-	107,550
Restricted bank deposit (accounted for as other financial assets and other non-current assets)	1,015,156	1,345,902	1,331,532
Inventory	-	-	58,138
Refundable deposit	140,787	654,938	738,081
Lease receivables (accounted for as other financial assets and other non-current assets)	-	31,342	31,713
	\$ 7,226,137	9,764,087	9,051,596

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Significant contingent liabilities and unrecognized commitments:

(a) Unrecognized contract commitments

(i) Unrecognized contract commitments

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Unused letter of credit (in USD thousand) \$	-	6	-
Unused letter of credit (in EUR thousand) \$	4,439	553	69
Bank guarantee (Note 13(a))	\$ 3,376,052	3,239,679	4,756,143

(ii) The Group have obtained orders for power facility construction and contracted the projects out to developers and contractors. The Group entered into construction and materials contract with several contractors, and the unpaid amounts were as follows:

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Unpaid amount	\$ 3,821,528	2,178,470	2,132,947

(iii) The Group agreed to have an obligation to sell the shares of the investees in the specific period, please refer to note 6(b).

(iv) The Group signed an electricity purchase contract with several companies. According to the contract, the Group can sell its own power plant to these companies, who are not allowed to resell electricity without authorization from the Group. The contracts are irrevocable, with contract periods ranging from 20~31 years.

(v) Due to power plant installations, the Group signed non-fixed lease payment agreements with others, please refer to note 6(s).

(vi) The Group entered into separate long-term purchase agreements with several different silicon wafer suppliers. The Group has to make advance payments as guarantee and the suppliers shall meet the supply of materials in accordance with the contract terms. The advance payment may not be used for any other purposes than to deduct the payables arising from the purchase which is decided by both parties according to market price. In addition, the Group will recognize the impairments on the prepaid amounts according to the suppliers' operations as follows:

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Advance payment	\$ 2,094,517	2,100,857	2,101,227
Accumulated impairment loss	\$ 164,853	164,853	164,853

(vii) As of September 30, 2022 and September 30, 2021, the Group issued guarantee for Directorate General of Customs and sales Project, amounting to \$822,758 thousand and \$911,160 thousand, respectively.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Contingencies

The Group leased its plants to DU then a fire broke out in October 2017, and DU was affected and requested damages from the Group. The two parties reached a settlement in May 2019 that offset the money DU owed to the Group. However, EZ Bank, the mortgagee of DU's equipment, had objections to the settlement, and requested the Group to pay damages to DU, claim that the creditor's rights and debts could not be offset by the Group. The Group assessed that it was against DU that the creditor's rights of DU and DU's right to claim damages against the Group are legally offset, so EZ Bank's request has no basis. In this case, on July 1, 2021, the court judged that the Group should pay EZ Bank \$159,335 thousand. The Group has appointed a lawyer to file an appeal on the grounds that the judgment was unreasonably flawed.

(10) Losses due to major disasters: None

(11) Subsequent Events: Please refer to note 6(ac).

(12) Others:

Employee benefits, depreciation and amortization expense are summarized based on functions as follows:

Functions	For the three months ended September 30, 2022			For the three months ended September 30, 2021		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Nature						
Employee benefit expense						
Salaries	267,457	112,275	379,732	272,684	109,948	382,632
Labor and health insurance	23,894	8,111	32,005	21,065	10,611	31,676
Pension	9,889	4,240	14,129	8,356	5,675	14,031
Others	28,465	4,688	33,153	34,051	6,247	40,298
Depreciation expense (Note)	270,798	15,826	286,624	229,141	29,310	258,451
Amortization expense	-	596	596	-	571	571

Functions	For the nine months ended September 30, 2022			For the nine months ended September 30, 2021		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Nature						
Employee benefit expense						
Salaries	810,529	328,979	1,139,508	727,786	335,877	1,063,663
Labor and health insurance	71,628	24,288	95,916	62,183	25,245	87,428
Pension	29,886	10,407	40,293	24,221	15,558	39,779
Others	102,638	13,889	116,527	73,919	17,460	91,379
Depreciation expense (Note)	747,825	47,745	795,570	715,062	95,938	811,000
Amortization expense	-	1,846	1,846	463	3,719	4,182

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note: Exclude the depreciation expense of investment property \$31,336 thousand, \$31,244 thousand, \$94,007 thousand and \$93,732 thousand during the three months and nine months ended September 30, 2022 and 2021, respectively.

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the nine months ended September 30, 2022:

- (i) Lending to other parties: None.
- (ii) Guarantee and Endorsement for other parties: Please see Table 1 attached.
- (iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included): Please see Table 2 attached.
- (iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Group’s paid-in capital: : Please see Table 3 attached.
- (v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Group’s paid-in capital: None.
- (vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Group’s paid-in capital: : None.
- (vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Group’s paid-in capital: Please see Table 4 attached.
- (viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company’s paid-in capital: Please see Table 5 attached.
- (ix) Information regarding trading in derivative financial instruments: Please refer to Note 6(b) for related information.
- (x) Significant transactions and business relationship between the parent company and its subsidiaries: Please see Table 6 attached.

(b) Information on investees:

The followings are the information on investees for the nine months ended September 30, 2022: Please see Table 7 attached.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) Information on investment in Mainland China: Please see Table 8 attached.
- (d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
National Development Fund, Executive Yuan		99,084,679	6.08 %
Management Committee of Yaohua Glass Corporation Ltd.		94,573,203	5.80 %

Note 1: This Table provides the information of number of ordinary shares and special shares which were delivered through non-physical registration (including treasury shares) owned by major shareholders with ownership of 5% or greater and was calculated by Taiwan Depository & Clearing Corporation using the last business day at the end of the quarter. There might be a difference between the share capital listed on the Group's financial statements and the actual number of shares delivered through non-physical registration due to different basis of calculation.

Note 2: If the shareholder delivered the shares to the trust, the above information would be revealed by the individual trust account under fiduciary account opened by the trustee. As for the shareholders handled the insider ownership declarations with shareholdings over 10% in accordance with the Securities and Exchange Act, their shareholdings include the shares owned by themselves plus the shares delivered to the trust which they have the right on allocating the trust properties, please refer to the Market Observation Post System website for information about insider ownership declaration.

(14) Segment information:

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

<u>For the nine months ended September 30, 2022</u>	<u>Solar energy</u>	<u>System</u>	<u>Others</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue					
Revenue from external customers	\$ 12,068,142	861,512	401,640	-	13,331,294
Intersegment revenues	305,082	-	-	(305,082)	-
Total revenue	<u>\$ 12,373,224</u>	<u>861,512</u>	<u>401,640</u>	<u>(305,082)</u>	<u>13,331,294</u>
Reportable segment profit or loss	<u>\$ 599,200</u>	<u>51,223</u>	<u>(26,798)</u>	<u>-</u>	<u>623,625</u>
				<u>Reconciliation and elimination</u>	<u>Total</u>
<u>For the three months ended September 30, 2022</u>	<u>Solar energy</u>	<u>System</u>	<u>Others</u>		
Revenue					
Revenue from external customers	\$ 4,518,505	227,896	-	-	4,746,401
Intersegment revenues	40,360	-	-	(40,360)	-
Total revenue	<u>\$ 4,558,865</u>	<u>227,896</u>	<u>-</u>	<u>(40,360)</u>	<u>4,746,401</u>
Reportable segment profit or loss	<u>\$ 143,340</u>	<u>(130,558)</u>	<u>(12,227)</u>	<u>-</u>	<u>555</u>

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2021	Solar energy	System	Others	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	\$ 9,062,865	951,152	164,457	-	10,178,474
Intersegment revenues	<u>106,926</u>	<u>-</u>	<u>-</u>	<u>(106,926)</u>	<u>-</u>
Total revenue	<u>\$ 9,169,791</u>	<u>951,152</u>	<u>164,457</u>	<u>(106,926)</u>	<u>10,178,474</u>
Reportable segment profit or loss	<u>\$ (375,178)</u>	<u>(246,325)</u>	<u>(37,834)</u>	<u>11,164</u>	<u>(648,173)</u>
For the three months ended September 30, 2021	Solar energy	System	Others	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	\$ 3,200,557	240,572	62,694	-	3,503,823
Intersegment revenues	<u>63,898</u>	<u>-</u>	<u>-</u>	<u>(63,898)</u>	<u>-</u>
Total revenue	<u>\$ 3,264,455</u>	<u>240,572</u>	<u>62,694</u>	<u>(63,898)</u>	<u>3,503,823</u>
Reportable segment profit or loss	<u>\$ (33,408)</u>	<u>(36,343)</u>	<u>(3,461)</u>	<u>11,164</u>	<u>(62,048)</u>

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
 ENDORSEMENTS/GUARANTEES PROVIDED
 FOR THE NINE MONTHS ENDED September 30, 2022

TABLE 1 (In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Counter-party of guarantee and endorsement		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Maximum amount for guarantees and endorsements	Endorsement / Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement / Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship with the Company										
0	The Company	NSP System	(2)	3,270,481	500,000	500,000	-	-	3.06	8,176,203	Y	N	N
0	The Company	Yong Liang	(2)	3,270,481	1,810,000	1,810,000	643,470	-	11.07	8,176,203	Y	N	N
0	The Company	GES USA	(2)	3,270,481	476,625	476,625	-	-	2.91	8,176,203	Y	N	N
1	GES USA	MEGASIXTEEN	(2)	874,970	270,088	270,088	270,088	-	30.87	1,749,940	Y	N	N
1	GES USA	TEV SOLAR ALPHA18 LLC	(2)	874,970	319,339	319,339	319,339	-	36.50	1,749,940	Y	N	N

Note 1: The relation between guarantor and guarantee :

- (1) Ordinary business relationship.
- (2) Subsidiary which owned more than 50 percent by the guarantor.
- (3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
- (4) An investee owned more than 90 percent by the guarantor or its subsidiary.
- (5) Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
- (6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
- (7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: In accordance with the "Rules of Guarantees by the Company," the ceiling for the total guaranteed amount was 50% of the Company's net asset value, and the limit on the guaranteed amount for a single party was 20% of the Company's net asset value. But for business purposes, the limit of the guaranteed amount was the total of the purchases from or sales to the Company within the most recent year.

Note 3: Based on the "Rules of Guarantees by GES USA," the ceiling for the total guaranteed amount was 200% of GES USA's net asset value, and the limit of the guaranteed amount for a single party was 100% of GES USA's net asset value. But for business purposes, the limit on the guaranteed amount was the total of the purchases from or sales to GES USA within the most recent year. GES USA's net asset value is based on its latest settlement financial statement.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
September 30, 2022

TABLE 2

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	2022.9.30				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	<u>Shares</u>							
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income- current	3,003	136,937	0.38%	136,937	
	GIGA SOLAR MATERIALS CORPORATION	-	Financial assets at fair value through other comprehensive income- current	266	29,691	0.35%	29,691	
	ThinTech Materials Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income- non-current	7,000	162,330	9.52%	162,330	1
	Taiwan Speciality Chemicals Corporation	-	Financial assets at fair value through other comprehensive income- non-current	2,226	121,848	1.61%	121,848	
	NTNU Innovation Investment Holding Company	-	Financial assets at fair value through other comprehensive income- non-current	200	2,000	2.00%	2,000	
	ASIA GLOBAL VENTURE CAPITAL II CO., LTD	-	Financial assets at fair value through other comprehensive income- non-current	531	8,188	10.00%	8,188	
	SUN APPENNINO CORPORATION	-	Financial assets at fair value through other comprehensive income- non-current	-	-	26.09%	-	
	FICUS CAPITAL CORPORATION	-	Financial assets at fair value through other comprehensive income- non-current	-	-	28.07%	-	
	EVERGREEN AVIATION TECHNOLOGIES CORPORATION DS Energy Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income- non-current	1,500	71,523	0.43%	71,523	
United Renewable Energy Engineering Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income- non-current	57,300	133,763	60.00%	133,763	2	
Convertible preference shares-Phanes Holding Inc.	Other related party	Financial assets at amortized cost- non-current	24	-	100.00%	-		

Note 1: It is a private stock which subject to transfer restrictions in accordance with Article 43-8 of the Securities and Exchange Act.
Note 2: It is preference share.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED September 30, 2022

TABLE 3 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares (thousands)	Amount
The Company	<u>Shares</u> Shares-Utech	Investment accounted for using the equity method	(Note1)	Subsidiary	28,491	(988,430)	37,999	379,985	(25,394)	-	-	(61,056)	41,096	(669,501)
												(Note2)		

Note 1 : Due to capital reduction to cover losses.

Note 2 : Included share of loss (gains) of associates accounted for using equity method and cumulative translation adjustment.

Note 3 : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED September 30, 2022

TABLE 4

(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Utech	Subsidiary	Purchase	193,760	2%	OA 14 days after receipt	—	—	(94,877)	(7.77%)	1
The Company	Gintech(Tailand)	Grandson company	Purchase	277,651	3%	60 days from the invoice date	—	—	(140,066)	(11.47%)	1
NSP System	Yong Liang	Associate	Contracted project	252,005	52%	14 days from the invoice date	—	—	—	—%	1,2
NSP System	Apex	Associate	Sales and contracted project	106,471	22%	14~15 days from the invoice date	—	—	15,215	42.10%	2

Note 1 : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Continued)

Note 2 : The contracted company recognizes its construction revenue through percentage of completion method, and the amount of sales included.

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED September 30, 2022

TABLE 5

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (Note1)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	DelSolar US	Subsidiary	765,030	-	765,030	Receivable according to the financial situation	-	-
The Company	GES ME	Subsidiary	657,011	-	657,011	Receivable according to the financial situation	-	-
The Company	NSP NEVADA	Subsidiary	559,850	-	559,850	Receivable according to the financial situation	-	-
The Company	NSP System	Subsidiary	144,390	-	-	Receivable according to the financial situation	-	-
GES USA	Munisol	Grandson company	938,222	-	-	Receivable according to the financial situation	-	-
DelSolar US	Beryl	Subsidiary	800,364	-	-	Receivable according to the financial situation	-	-
TEV II	TEV Solar	Subsidiary	625,177	-	-	Receivable according to the financial situation	-	-
Beryl	CFC	Associate	308,024	-	-	Receivable according to the financial situation	-	-
NSP NEVADA	GES USA	Subsidiary	428,968	-	-	Receivable according to the financial situation	125,609	-
GES UK	GES USA	Subsidiary	184,500	-	184,500	Receivable according to the financial situation	-	-
Gintech(Tailand)	The Company	Parent company	140,066	4.17	140,066	Receivable according to the financial situation	-	-
USD1	Beryl	Associate	121,346	-	-	Receivable according to the financial situation	-	-
NSP BVI	CFY	Other related party	115,197	-	115,197	Receivable according to the schedule of signing contracts	-	-

Note 1 : Receivables arising from the payment of power plant construction payments or procurement transactions don't apply to turnover rate.

Note 2 : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
 BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE NINE MONTHS ENDED September 30, 2022

TABLE 6

(In Thousands of New Taiwan Dollars)

No (Note 1)	Company Name	Related Party	Relationship(Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Financial Statement Account	Amount	Trading Terms	
0	The Company	DeSolar US	1	Other receivable	765,030	Note 3	2%
0	The Company	NSP NEVADA	1	Other receivable	559,850	Note 3	2%
0	The Company	GES ME	1	Other receivable	657,011	Note 3	2%
0	The Company	Gintech(Thailand)	1	Purchase	277,651	Note 3	2%
0	The Company	Utech	1	Purchase	193,760	Note 3	2%
1	DeSolar US	Beryl	3	Other receivable	800,364	Note 3	2%
2	NSP System	Yong Liang	3	Sales revenue	252,005	Note 3	2%
3	GES USA	Munisol	3	Other receivable	938,222	Note 3	3%
4	GES USA	NSP NEVADA	3	Other expense payable	428,968	Note 3	1%
5	TEV II	TEV Solar	3	Other receivable	625,177	Note 3	2%

Note 1: fill in of numbers:

1. 0 represents the parent company.
2. The subsidiaries start with number 1.

Note 2: Relationship with counterparty are represented below:

1. Transactions from parent company to subsidiary.
2. Transactions from subsidiary to parent company.
3. Transactions between subsidiaries.

Note 3: Based on general trading conditions and prices.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 5: If other transactions do not reach 1% of the combined total revenue or total assets ratio will not be disclosed.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
 INVESTEEES(EXCLUDING INFORMATION ON INVESTEEES IN MAINLAND CHINA)
 FOR THE NINE MONTHS ENDED September 30, 2022

TABLE 7

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

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2022			Investee recognized		Note
				September 30, 2022	December 31, 2021	Shares (Thousands)	% of Ownership	Carrying Value	Net Income (Loss) of the Investee	Investment Gain (Loss)	
The Company	UES	Independent State of Samoa	Investment company	NTD 1,918,131	NTD 1,918,131	62,188	100%	801,098	49,193	49,193	
	DelSolar Cayman	Cayman Islands	Investment company	NTD 4,906,789	NTD 4,906,789	155,126	100%	337,571	(262,052)	(262,052)	Note 9
	NSP BVI	British Virgin Islands	Investment company	NTD 164,294	NTD 470,424	7,350	100%	121,749	(338)	(338)	
	GES ME	The United Arab Emirates	Solar related business	NTD 418,805	NTD 418,805	4	100%	(72,821)	(129,288)	(129,288)	
	NSP UK	UK	Investment company	NTD 28,165	NTD 71,881	580	100%	55,329	8,248	8,248	Note 10
	NSP System	Taiwan	Solar related business	NTD 144,200	NTD 144,200	14,420	100%	55,247	19,464	(8,329)	
	Zhongyang	Taiwan	Solar related business	NTD 24,121	NTD 24,121	3,500	100%	34,878	(439)	(439)	
	UREE	Taiwan	Solar related business	NTD -	NTD 25,300	-	-	-	-	-	Note 7
	DelSolar Singapore	Singapore	Investment company	NTD 29,743	NTD 29,743	1,250	100%	18,327	(115)	(115)	
	BPS	Taiwan	Solar related business	NTD -	NTD 6,000	-	-	-	-	(321)	Note 7
	SMC	Taiwan	Solar related business	NTD 9,720	NTD 9,720	1,000	100%	9,929	44	44	
	Utech	Taiwan	Electronic component manufacturing	NTD 1,477,049	NTD 1,097,064	41,096	99.99%	(669,501)	(63,374)	(63,316)	
	Yong Liang	Taiwan	Solar related business	NTD 249,000	NTD 249,000	24,900	25.70%	229,151	18,029	5,498	
	Yong Zhou	Taiwan	Solar related business	NTD 59,000	NTD 46,500	-	100%	2,271	(3,605)	(3,605)	
	JRC	Dominican	Solar related business	NTD -	NTD 431,397	-	-	-	-	-	Note 7
	GES UK	UK	Investment company	NTD 2,747,371	NTD 2,644,899	89,133	100%	1,170,269	84,388	84,388	
	TSST	Malaysia	Solar related business	NTD 417,692	NTD 417,692	97,701	42.12%	75,269	4,261	1,795	Note 1
	V5 Technology	Taiwan	Electronic component manufacturing and selling	NTD 114,084	NTD 114,084	7,789	28.64%	52,111	24,266	4,380	
	Gintung	Taiwan	Electronic component manufacturing	NTD 34,341	NTD 34,341	13,460	36.38%	-	81,914	-	Note 1
	DS Energy Technology Co., Ltd.	Taiwan	Solar related business	NTD 14,500	NTD 10,500	1,450	12.14%	-	(6,654)	(934)	
Dashiangying	Taiwan	Agriculture related business	NTD -	NTD 100	-	-	-	-	-	Note 6	
Shinkai	Taiwan	Agriculture related business	NTD -	NTD 100	-	-	-	-	-		
Shanshang	Taiwan	Solar related business	NTD 20,100	NTD 20,100	2,010	100%	19,935	(115)	(115)		
Dungshr	Taiwan	Electronic component	NTD 2,100	NTD 2,100	210	100%	585	(1)	(1)		
Yanshan	Taiwan	Agriculture related business	NTD -	NTD 100	-	-	-	-	-	Note 6	
Solarbright	Taiwan	Solar related business	NTD 30,000	NTD 30,000	9,000	30%	94,254	13,588	4,076		
UES	RES	Independent State of Samoa	Investment company	USD 64,406	USD 64,406	62,188	100%	801,098	49,193	-	Note 5
RES	Gintech Thailand	Thailand	Solar related business	USD 64,155	USD 64,155	20,920	100%	793,334	49,202	-	
GES UK	GES USA	US	Investment company	USD 61,530	USD 52,180	62,766	100%	874,970	(33,914)	-	Note 5
	NSP Germany	Germany	Solar related business	EUR 23	EUR 23	23	90%	944	(86)	-	
	GES CANADA	Canada	Investment company	USD 7,025	USD 12,025	5,540	100%	31,625	136,580	-	Note 5
	GES JAPAN	Japan	Investment company	JPY -	JPY 273,507	-	-	-	(135)	-	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2022			Investee recognized		Note
				September 30, 2022	December 31, 2021	Shares (Thousands)	% of Ownership	Carrying Value	Net Income (Loss) of the Investee	Investment Gain (Loss)	
GES USA	MEGATWO	US	Solar related business	USD 19,594	USD 19,594	19,594	100%	54,331	(4,733)	-	Note 5
	MEGAFIVE	US	Solar related business	USD 635	USD 635	635	100%	18,613	2,597	-	Note 5
	MEGASIX	US	Solar related business	USD 2,627	USD 2,627	2,627	100%	11,992	1,467	-	Note 5
	MEGAEIGHT	US	Solar related business	USD 748	USD 748	748	100%	5,193	359	-	Note 5
	MEGATWELVE	US	Solar related business	USD 168	USD 168	168	100%	539	182	-	Note 5
	MEGATHIRTEEN	US	Solar related business	USD 2,000	USD 2,000	2,000	100%	62,919	1,310	-	Note 5
	MEGASIXTEEN	US	Solar related business	USD 11,981	USD 11,981	11,981	100%	299,709	(10,799)	-	Note 5
	MEGANINETEEN	US	Solar related business	USD 132	USD 132	132	100%	(2,552)	166	-	Note 5
	MEGATWENTY	US	Solar related business	USD 124	USD 124	124	100%	2,932	477	-	Note 5
	ASSET TWO	US	Solar related business	USD -	USD -	-	-	(390)	(23)	-	Note 3,5
	ASSET THREE	US	Solar related business	USD 2,839	USD 2,839	2,839	100%	18,613	(285)	-	Note 5
	SH4	US	Solar related business	USD 539	USD 539	539	100%	9,797	64	-	Note 5
	Schenectady	US	Solar related business	USD -	USD -	-	-	(23,021)	(201)	-	Note 3,5
	SEG	US	Solar related business	USD 800	USD 800	800	100%	13,744	805	-	Note 5
	KINECT	US	Solar related business	USD 266	USD 266	266	100%	11,373	608	-	Note 5
	TEV II	US	Solar related business	USD 200	USD 200	0.2	100%	(141,030)	(6,487)	-	Note 5
	HEYWOOD	US	Solar related business	USD 1,770	USD 1,770	-	55%	46,344	(3,548)	-	Note 5
GES CANADA	JRC	Dominican	Solar related business	USD -	USD 9,842	-	-	-	-	-	Note 5,7
MEGATWO	Munisol	Mexico	Solar related business	USD 18,810	USD 18,810	353,508	100%	420,704	(4,709)	-	Note 5
ASSET THREE	SHIMA'S	US	Solar related business	USD 153	USD 153	153	100%	(1,337)	63	-	Note 5
	WAIMEA	US	Solar related business	USD 526	USD 526	526	100%	14,441	629	-	Note 5
	HONOKAWAI	US	Solar related business	USD 418	USD 418	418	100%	15,586	594	-	Note 5
	ELEELE	US	Solar related business	USD 637	USD 637	637	100%	17,400	(305)	-	Note 5
	HANALEI	US	Solar related business	USD 280	USD 280	280	100%	1,936	(356)	-	Note 5
	KAPAA	US	Solar related business	USD 761	USD 761	761	100%	15,869	824	-	Note 5
	KOLOA	US	Solar related business	USD 569	USD 569	569	100%	11,461	144	-	Note 5
MEGASIXTEEN	GES AC	US	Solar related business	USD 24,942	USD 24,942	0.1	67.59%	791,788	(7,518)	-	Note 4,5
GES AC	ANDERSON N.	US	Solar related business	USD 13,507	USD 13,507	13,507	100%	401,962	(2,586)	-	Note 4,5
	ANDERSON S.	US	Solar related business	USD 11,454	USD 11,454	11,454	100%	340,879	(2,407)	-	Note 4,5
	Flora	US	Solar related business	USD 1,915	USD 1,915	1,915	100%	58,095	(410)	-	Note 4,5
	Greenfield	US	Solar related business	USD 8,631	USD 8,631	8,631	100%	257,888	(1,687)	-	Note 4,5
	Spiceland	US	Solar related business	USD 1,275	USD 1,275	1,275	100%	38,321	(254)	-	Note 4,5
TEV II	TEV Solar	US	Solar related business	USD 100	USD 100	0.1	100%	2,940	15	-	Note 4,5
TEV Solar	AC GES Solar	US	Solar related business	USD 19,674	USD 19,674	0.1	66.19%	625,071	2,361	-	Note 4,5
AC GES Solar	Richmond	US	Solar related business	USD 19,259	USD 19,259	19,259	100%	607,542	1,277	-	Note 4,5
	Rensselaer	US	Solar related business	USD 9,933	USD 9,933	9,933	100%	315,708	1,234	-	Note 4,5
	Advance	US	Solar related business	USD 534	USD 534	534	100%	16,842	24	-	Note 4,5

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2022			Investee recognized		Note	
				September 30, 2022	December 31, 2021	Shares (Thousands)	% of Ownership	Carrying Value	Net Income (Loss) of the Investee	Investment Gain (Loss)		
NSP BVI	NSP HK	Hong Kong	Solar related business	USD	-	USD	-	100%	-	-	-	Note 5
DelSolar Cayman	DelSolar HK	Hong Kong	Investment company	USD	125,200	USD	125,200	100%	226,953	7,350	-	Note 5
	DelSolar US	US	Investment company	USD	24,800	USD	24,800	100%	49,964	(269,383)	-	Note 5
	NSP NEVADA	US	Solar related business	USD	5,125	USD	5,125	100%	44,564	272	-	Note 5
	URE NSP	US	Solar related business	USD	500	USD	500	100%	16,366	52	-	Note 5
NSP UK	NSP Indygen	UK	Solar related business	GBP	-	GBP	-	100%	53,339	8,597	-	Note 5
Utech	Jiangung	Taiwan	Solar related business	NTD	720,100	NTD	440,100	100%	750,726	12,324	-	Note 5
Jiangung	Yong Liang	Taiwan	Solar related business	NTD	720,000	NTD	440,000	74.30%	736,265	16,866	-	Note 5
NSP System	Hsin Jin Optoelectronics	Taiwan	Solar related business	NTD	10,647	NTD	10,647	80%	11,628	586	-	Note 5
	Hsin Jin Solar Energy	Taiwan	Solar related business	NTD	13,981	NTD	13,981	60%	15,529	1,264	-	Note 5
	Si Two	Taiwan	Solar related business	NTD	20,000	NTD	20,000	100%	15,762	520	-	Note 5
	Lianzhang	Taiwan	Solar related business	NTD	100	NTD	100	100%	(388)	(347)	-	Note 5
	Lianxi	Taiwan	Solar related business	NTD	100	NTD	100	100%	(12,452)	(50)	-	Note 5
	Liancheng	Taiwan	Solar related business	NTD	-	NTD	100	-	-	-	-	Note 5,6
UREE	UAE	Taiwan	Agriculture related business	NTD	-	NTD	100	-	-	-	-	Note 5,7
DelSolar HK	DelSolar Wu Jiang	China	Solar related business	USD	120,000	USD	120,000	100%	213,145	7,282	-	Note 5
NSP NEVADA	HEYWOOD	US	Solar related business	USD	1,448	USD	1,448	45%	37,627	(3,548)	-	Note 5
	Livermore	US	Solar related business	USD	150	USD	150	100%	-	2,737	-	Note 5
	Industrial Park	US	Solar related business	USD	3,100	USD	3,100	100%	31,990	769	-	Note 5
	Hillsboro	US	Solar related business	USD	1,862	USD	1,862	100%	23,763	(1,641)	-	Note 5
DelSolar US	DelSolar Development	US	Solar related business	USD	2,200	USD	2,200	100%	18,785	(2,476)	-	Note 5
	CFR	US	Solar related business	USD	14,370	USD	14,370	100%	143	75,146	-	Note 5,8
	USD1	US	Solar related business	USD	3,582	USD	3,582	100%	140,313	(62,756)	-	Note 5
	JV2	US	Solar related business	USD	830	USD	830	67%	-	-	-	Note 1,2,5
DelSolar Development	Beryl	US	Solar related business	USD	-	USD	-	100%	(166,235)	(276,939)	-	Note 5
	DSS-USF PHX LLC	US	Solar related business	USD	370	USD	370	100%	8,808	(1,527)	-	Note 5
	DSS-RAL LLC	US	Solar related business	USD	835	USD	835	100%	8,278	(885)	-	Note 5
USD1	DevCo One	US	Solar related business	USD	444	USD	444	40%	1,911	-	-	Note 1,5
	DevCo Two	US	Solar related business	USD	444	USD	444	40%	1,911	-	-	Note 1,5

Note 1 : It is an investment accounted for using equity method and is an affiliated enterprise or a joint venture. Except for these entities, the remaining entities are all subsidiaries of the consolidated entity. The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 2 : Although the Group holds more than half of JV2's equity, according to the joint venture contract, all major management decisions of JV2 must be agreed by all directors. Therefore, the Group assess no control over JV2.

Note 3 : The Group's structured entities.

Note 4 : According to the loan contract between the Group and IMPA, the Group cannot transfer the equity of the companies before the specified date. Please refer to note6(p) for details.

Note 5 : The investor disclosed the profits and losses of the investment, which include the profits and losses of the investee; therefore, no disclosure is needed from the Company.

Note 6 : As of September 30, 2022, the company had liquidated and dissolved.

Note 7 : As of September 30, 2022, the Group disposed of all the equity shares.

Note 8 : As of September 30, 2022, the company is in the process of liquidation and dissolution.

Note 9 : The company processed capital reduction and refunded \$306,103 thousand (USD 11,000 thousand) in the first quarter of 2022.

Note 10 : The company processed capital reduction and refunded \$43,716 thousand (GBP 1,200 thousand) in the second quarter of 2022.

Note 11: The Group has no significant influence on the company in the third quarter of 2022, hence it was reclassified to financial assets at fair value through other comprehensive income. Please refer to note6(c) for details.

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
 INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 FOR THE NINE MONTHS ENDED September 30, 2022

TABLE 8 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Investment flows		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2022	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2022	Accumulated Repatriation of Investment Income as of September 30, 2022
					Outflow	Inflow						
DelSolar Wu Jiang	Solar related business	USD 120,000 \$ 3,813,000	Note 1	USD 120,000 \$ 3,813,000	-	-	USD 120,000 \$ 3,813,000	7,282	100%	7,282	213,145	-
NSP Nanchang	Solar related business	USD 0 \$ -	Note 1	USD 5,000 \$ 158,875	-	-	USD 5,000 \$ 158,875	-	-	-	-	-

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2022 (US\$ in Thousands)	Investment Amount Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
USD 143,450 4,558,124	USD 149,618 4,754,112	9,811,443

Note 1 : Investments Mainland China through a third region; The Group disposed of all the shares of NSP Nanchang in the third quarter of 2020.
 Note 2 : Subsidiaries mentioned above were recognized on the basis of unaudited financial statements as September 30, 2022.
 Note 3 : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.
 Note 4 : The exchange rate used is the rate on September 30, 2022.