

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022**

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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 March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, 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 the Standard on Review Engagements 2410, "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 \$4,535,850 thousand and \$5,626,848 thousand, constituting 14% and 18% of consolidated total assets as of March 31, 2023 and 2022; total liabilities amounting to \$2,769,383 thousand and \$3,939,390 thousand, constituting 17% and 27% of consolidated total liabilities as of March 31, 2023 and 2022; total comprehensive income amounting to \$44,176 thousand and \$77,021 thousand, constituting 21% and 10% of consolidated total comprehensive income for the three months ended March 31, 2023 and 2022.

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 \$234,071 thousand and \$219,009 thousand as of March 31, 2023 and 2022, and its shares of profit of associates accounted for using the equity method amounting to \$855 thousand and \$1,203 thousand for the three months ended March 31, 2023 and 2022, 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 March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Yung-Hua Huang and Pao-Lian Chou.

KPMG

Taipei, Taiwan (Republic of China)
May 11, 2023

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 Standards on Auditing as of March 31, 2023 and 2022

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2023, December 31, 2022, and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2023		December 31, 2022		March 31, 2022			March 31, 2023		December 31, 2022		March 31, 2022			
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%		
Assets															
Current assets:															
1100	Cash and cash equivalents (note 6(a))	\$ 4,921,450	15	4,755,068	14	4,755,545	15	2100	Short-term borrowings (note 6(n))	\$ 1,032,770	3	1,895,215	6	307,615	1
1110	Financial assets at fair value through profit or loss - current (note 6(b))	401	-	-	-	69,348	-	2110	Short-term bills payable (note 6(o))	-	-	99,931	-	106,579	-
1120	Financial assets at fair value through other comprehensive income - current (notes 6(c) and 8)	156,316	-	152,171	-	139,189	-	2120	Financial liabilities at fair value through profit or loss - current (note 6(b))	3,951	-	4,504	-	10,212	-
1140	Contract assets - current (notes 6(aa) and 7)	237,430	1	339,307	1	440,325	2	2130	Contract liabilities - current (notes 6(aa) and 7)	541,287	2	381,104	1	557,211	2
1170	Notes and accounts receivable, net (note 6(e))	1,870,257	6	2,416,503	7	1,965,855	6	2170	Notes and accounts payable (note 7)	753,160	2	1,194,056	4	1,178,711	4
1180	Accounts receivable from related parties (notes 6(e) and 7)	121,495	-	126,959	-	213,822	1	2216	Dividends payable (note 6(x))	162,779	-	-	-	-	-
1200	Other receivables	161,875	-	139,892	-	105,885	-	2260	Liabilities related to non-current assets held for sale (note 6(g))	-	-	-	-	1,027,841	3
1210	Other receivables from related parties (note 7)	307,910	1	311,000	1	421,876	1	2280	Lease liability - current (note 6(s))	104,680	-	95,525	-	56,104	-
130X	Inventories (note 6(f))	3,963,619	12	4,377,410	13	2,961,747	10	2320	Current portion of long-term borrowings and preference share liabilities (notes 6(p) and (r))	3,068,989	9	2,846,541	8	2,385,095	8
1410	Prepayments (note 9)	1,033,358	3	1,662,780	5	876,700	3	2399	Other current liabilities (notes 6(t) and 7)	1,534,621	5	1,829,246	5	1,767,855	6
1460	Non-current assets held for sale (notes (g) and 8)	515,704	2	530,209	2	1,432,367	5		Total current liabilities	<u>7,202,237</u>	<u>21</u>	<u>8,346,122</u>	<u>24</u>	<u>7,397,223</u>	<u>24</u>
1476	Other financial assets (note 8)	728,187	2	629,432	2	797,367	3		Non-Current liabilities:						
1479	Other current assets	424,329	2	424,192	1	252,342	1	2500	Financial liabilities at fair value through profit or loss - non-current (notes 6(b) and (p))	18,385	-	21,775	-	51,848	-
	Total current assets	<u>14,442,331</u>	<u>44</u>	<u>15,864,923</u>	<u>46</u>	<u>14,432,368</u>	<u>47</u>	2530	Bonds payable (note 6(q))	2,973,432	9	2,969,315	9	2,956,667	10
	Non-current assets:							2540	Long-term borrowings (note 6(p))	3,738,533	11	3,993,300	12	3,132,434	10
1510	Financial assets at fair value through profit or loss - non-current (notes 6(b), (q) and (r))	69,979	-	71,287	-	99,200	-	2580	Lease liability - non-current (note 6(s))	1,461,301	4	1,376,919	4	554,260	2
1517	Financial assets at fair value through other comprehensive income - non-current (notes 6(c) and 8)	562,925	2	520,559	2	410,420	1	2635	Preference share liabilities - non-current (note 6(r))	-	-	-	-	3,230	-
1535	Financial assets at amortized cost - non-current (note 6(d))	-	-	-	-	-	-	2670	Other non-current liabilities (note 6(t))	474,970	2	448,940	1	302,402	1
1550	Investments accounted for using the equity method (note 6(h))	234,071	1	235,382	1	219,009	1		Total non-current liabilities	<u>8,666,621</u>	<u>26</u>	<u>8,810,249</u>	<u>26</u>	<u>7,000,841</u>	<u>23</u>
1600	Property, plant and equipment (notes 6(j), 7 and 8)	10,215,608	31	10,188,315	30	8,683,967	28		Total liabilities	<u>15,868,858</u>	<u>47</u>	<u>17,156,371</u>	<u>50</u>	<u>14,398,064</u>	<u>47</u>
1755	Right-of-use assets (note 6(k))	1,433,920	4	1,344,837	4	423,805	1		Equity attributable to owners of parent (notes 6(x) and (y))						
1760	Investment property, net (notes 6(l) and 8)	2,690,731	8	2,722,066	8	2,816,090	10	3110	Ordinary shares	16,277,954	49	16,277,905	48	16,278,140	53
1780	Intangible assets (note 6(m))	3,593	-	3,250	-	4,878	-	3200	Capital surplus	187,749	1	187,699	-	1,000,985	3
1840	Deferred tax assets	649,027	2	649,096	2	630,109	2	3350	Accumulated profit or loss	249,013	1	354,726	1	(861,074)	(3)
1915	Prepayments - non-current (note 9)	2,237,699	7	2,051,077	6	2,157,022	7	3400	Other equity	(175,205)	-	(345,028)	(1)	(511,847)	(2)
1920	Refundable deposits (note 8)	158,234	-	156,092	-	674,291	2	3500	Treasury shares	(18,699)	-	(18,699)	-	(18,699)	-
1942	Other receivables from related parties - non-current (note 7)	23,371	-	23,605	-	21,981	-		Total equity attributable to owners of parent	<u>16,520,812</u>	<u>51</u>	<u>16,456,603</u>	<u>48</u>	<u>15,887,505</u>	<u>51</u>
1990	Other non-current assets (note 8)	290,594	1	422,301	1	411,853	1	36XX	Non-controlling interests	622,413	2	639,816	2	699,424	2
	Total non-current assets	<u>18,569,752</u>	<u>56</u>	<u>18,387,867</u>	<u>54</u>	<u>16,552,625</u>	<u>53</u>		Total equity	<u>17,143,225</u>	<u>53</u>	<u>17,096,419</u>	<u>50</u>	<u>16,586,929</u>	<u>53</u>
	Total assets	<u>\$ 33,012,083</u>	<u>100</u>	<u>34,252,790</u>	<u>100</u>	<u>30,984,993</u>	<u>100</u>		Total liabilities and equity	<u>\$ 33,012,083</u>	<u>100</u>	<u>34,252,790</u>	<u>100</u>	<u>30,984,993</u>	<u>100</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 Standards on Auditing

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2023 and 2022

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

		For the three months ended March 31			
		2023		2022	
		Amount	%	Amount	%
4000	Net operating revenues (notes 6(aa) and 7)	\$ 4,677,480	100	4,682,273	100
5110	Operating costs (notes 6(f), (s), (v), (ab) and 12)	<u>4,323,444</u>	<u>92</u>	<u>3,929,823</u>	<u>84</u>
5900	Gross gain from operations	<u>354,036</u>	<u>8</u>	<u>752,450</u>	<u>16</u>
Operating expenses (notes 6(e), (s), (v), (ab) and 12):					
6100	Selling expenses	125,982	3	85,570	2
6200	General and administrative expenses	147,238	3	149,868	3
6300	Research and development expenses	17,079	-	18,382	-
6450	Reversal of impairment losses on trade receivable	<u>(3,749)</u>	<u>-</u>	<u>(2,148)</u>	<u>-</u>
	Total operating expense	<u>286,550</u>	<u>6</u>	<u>251,672</u>	<u>5</u>
	Income from operations	<u>67,486</u>	<u>2</u>	<u>500,778</u>	<u>11</u>
Non-operating income and expenses:					
7010	Other income (note 6(ac))	75,296	2	113,070	2
7020	Other gains and losses (notes 6(i), (j) and (ac))	(25,162)	(1)	61,506	1
7050	Finance costs (notes 6(q) and (s))	(85,932)	(2)	(68,739)	(1)
7060	Share of gain of associates and joint ventures accounted for using equity method (note 6(h))	855	-	1,203	-
7100	Interest income	<u>1,025</u>	<u>-</u>	<u>1,049</u>	<u>-</u>
		<u>(33,918)</u>	<u>(1)</u>	<u>108,089</u>	<u>2</u>
	Income before income tax	33,568	1	608,867	13
7950	Less: income tax expense (note 6(w))	<u>2,334</u>	<u>-</u>	<u>26,441</u>	<u>1</u>
8200	Net income	<u>31,234</u>	<u>1</u>	<u>582,426</u>	<u>12</u>
8300	Other comprehensive income :				
8310	Items that may not be reclassified subsequently to profit or loss:				
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	93,734	2	9,607	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign statements	<u>84,518</u>	<u>2</u>	<u>167,593</u>	<u>4</u>
8300	Total other comprehensive income	<u>178,252</u>	<u>4</u>	<u>177,200</u>	<u>4</u>
	Total comprehensive income	<u>\$ 209,486</u>	<u>5</u>	<u>759,626</u>	<u>16</u>
Net income attributable to:					
	Shareholders of the parent	\$ 42,603	1	600,353	12
	Non-controlling interests	<u>(11,369)</u>	<u>-</u>	<u>(17,927)</u>	<u>-</u>
		<u>\$ 31,234</u>	<u>1</u>	<u>582,426</u>	<u>12</u>
Total comprehensive income attributable to:					
	Shareholders of the parent	\$ 226,889	5	755,319	16
	Non-controlling interests	<u>(17,403)</u>	<u>-</u>	<u>4,307</u>	<u>-</u>
		<u>\$ 209,486</u>	<u>5</u>	<u>759,626</u>	<u>16</u>
Earnings per share					
9750	Basic earnings per share (NT dollars) (note 6(z))	<u>\$ 0.03</u>		<u>0.37</u>	
9850	Diluted earnings per share (NT dollars) (note 6(z))	<u>\$ 0.03</u>		<u>0.34</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 Standards on Auditing

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent							Total equity attributable to owners of parent	Non-controlling interest	Total equity
	Share capital		Accumulated profit or loss	Other equity		Unearned employees benefits	Treasury shares			
	Ordinary shares	Capital surplus		Exchange differences on translation of foreign financial statements	Unrealized gains (loss) on financial assets at fair value through other comprehensive income					
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 three months ended March 31, 2022	-	-	600,353	-	-	-	-	600,353	(17,927)	582,426
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	145,359	9,607	-	-	154,966	22,234	177,200
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	600,353	145,359	9,607	-	-	755,319	4,307	759,626
Compensation cost of restricted shares for employees	-	-	-	-	-	350	-	350	-	350
Difference between the price that has not been increased in proportion to shareholding and net value	-	1,236	-	-	-	-	-	1,236	-	1,236
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	(6,663)	(6,663)
Balance at March 31, 2022	\$ 16,278,140	1,000,985	(861,074)	(630,001)	118,671	(517)	(18,699)	15,887,505	699,424	16,586,929
Balance at January 1, 2023	\$ 16,277,905	187,699	354,726	(447,440)	102,412	-	(18,699)	16,456,603	639,816	17,096,419
Net Income for the three months ended March 31, 2023	-	-	42,603	-	-	-	-	42,603	(11,369)	31,234
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	90,552	93,734	-	-	184,286	(6,034)	178,252
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	42,603	90,552	93,734	-	-	226,889	(17,403)	209,486
Cash dividends of ordinary share	-	-	(162,779)	-	-	-	-	(162,779)	-	(162,779)
Conversion of convertible bonds	49	50	-	-	-	-	-	99	-	99
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	14,463	-	(14,463)	-	-	-	-	-
Balance at March 31, 2023	\$ 16,277,954	187,749	249,013	(356,888)	181,683	-	(18,699)	16,520,812	622,413	17,143,225

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2023	2022
Cash flows from operating activities:		
Profit before income tax	\$ 33,568	608,867
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	306,561	281,354
Amortization expense	483	645
Expected credit gain	(3,749)	(2,148)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(3,658)	16,640
Finance cost	68,862	49,594
Interest income	(1,025)	(1,049)
Compensation cost of restricted shares for employees	-	350
Share of profit of associates and joint ventures accounted for using the equity method	(855)	(1,203)
Gain on disposal of property, plant and equipment and power facilities business held for sale	(774)	(33,434)
Gain on disposal of investments	-	(1)
Reversal of provisions	-	(8,346)
Others	(48,039)	(5,734)
Total adjustments to reconcile profit	<u>317,806</u>	<u>296,668</u>
Changes in operating assets and liabilities:		
Contract assets - current	101,877	(227,050)
Notes and accounts receivable	564,850	(95,042)
Accounts receivable from related parties	5,464	14,707
Other receivables	(22,213)	36,606
Other receivables from related parties	-	(16,389)
Inventory	431,884	(415,499)
Prepayments (including non-current)	625,402	237,315
Other current assets	(678)	89,439
Contract liabilities - current	160,183	50,545
Notes and accounts payable (including related parties)	(443,131)	(191,088)
Provisions	9,927	8,745
Other current liabilities	(206,660)	3,956
Total changes in operating assets and liabilities	<u>1,226,905</u>	<u>(503,755)</u>
Cash flows generated from operations	1,578,279	401,780
Income taxes received	490	1,937
Net cash flows generated from operating activities	<u>1,578,769</u>	<u>403,717</u>
Cash flows from investing activities:		
Proceeds from disposal (acquisition) of financial assets at fair value through other comprehensive income	47,223	(94,500)
Proceeds from disposal of associates	-	2,469
Proceeds from disposal of subsidiaries	-	(1,272)
Acquisition of property, plant and equipment	(342,505)	(490,127)
Proceeds from disposal of property, plant and equipment	10,110	33,826
Increase in refundable deposits	(2,142)	(19,361)
Acquisition of intangible assets	(826)	(720)
Decrease in other financial assets	32,293	169,312
Increase in other non-current assets	(182,402)	(186,910)
Interest received	1,441	1,514
Net cash flows used in investing activities	<u>(436,808)</u>	<u>(585,769)</u>
Cash flows from financing activities:		
(Decrease) increase in short-term borrowings	(846,844)	257,226
Decrease in short-term bills payable	(100,000)	(114,700)
Proceeds from long-term borrowings	313,350	35,484
Repayments of long-term borrowings	(347,657)	(527,426)
Repayments of preference share liabilities	(2,120)	(4,335)
Payment of lease liabilities	(17,789)	(18,036)
Interest paid	(69,561)	(50,183)
Others	21,776	(1,178)
Net cash flows used in financing activities	<u>(1,048,845)</u>	<u>(423,148)</u>
Effect of exchange rate changes	<u>73,266</u>	<u>106,572</u>
Net increase (decrease) in cash and cash equivalents	<u>166,382</u>	<u>(498,628)</u>
Cash and cash equivalents at beginning of period	<u>4,755,068</u>	<u>5,254,173</u>
Cash and cash equivalents at end of period	<u>\$ 4,921,450</u>	<u>4,755,545</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 Standards on Auditing as of March 31, 2023 and 2022

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2023 and 2022

(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 May 11, 2023.

(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 details of impact on the Group’s adoption of the new amendments beginning January 1, 2023 are as follows:

- (i) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group may need to recognize equal deferred income tax assets and deferred income tax liabilities. The application of the amendments resulting in deferred tax assets and deferred tax liabilities to both increase by 1,524 thousand on January 1, 2022 and March 31, 2022; as well as the deferred tax assets and deferred tax liabilities to both increase by 22,839 thousand on December 31, 2022. There is no significant impact on the comprehensive income statement and the statements of cash flows in the said period.

- (ii) Other amendments

The following amendments are not expected to have a significant impact on the Group’s consolidated financial statements.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

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

- (b) 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”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments ¹ , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’ s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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”

(Continued)

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

(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, 2022. For related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

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

Investor	Investee	Principal activity	% of Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	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	- %	- %	- %	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 %	99.99 %	99.94 %	
	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 %	
	Zhongyang Corporation (“Zhongyang”)	Solar related business	100.00 %	100.00 %	100.00 %	
	United Renewable Energy Engineering Co., Ltd. (“UREE”)	Solar related business	- %	- %	- %	2
	Yong Liang Ltd. (“Yong Liang”)	Solar related business	25.70 %	25.70 %	36.14 %	
	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 %	2
	Dashiangying Energy Power Ltd. Co. (“Dashiangying”)	Solar related business	- %	- %	100.00 %	3
	Shinkai Energy Power Ltd. Co. (“Shinkai”)	Solar related business	- %	- %	100.00 %	3
	Shanshang Energy Power Ltd. Co. (“Shanshang”)	Solar related business	100.00 %	100.00 %	100.00 %	
	United Intelligence Co., Ltd. (“United Intelligence”)	Electronic component	100.00 %	100.00 %	100.00 %	
	Yanshan Energy Power Ltd. Co. (“Yanshan”)	Solar related business	- %	- %	- %	3

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

Investor	Investee	Principal activity	% of Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
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 %	3
	General Energy Solutions CANADA Inc. ("GES CANADA")	Investment company	100.00 %	100.00 %	100.00 %	
GES USA	NSP Germany	Solar related business	90.00 %	90.00 %	90.00 %	
	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 %	
	Schenectady Solar, LLC ("Schenectady")	Solar related business	- %	- %	- %	
	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 %	
	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 %		
NSP NEVADA	Heywood Solar PGS, LLC ("HEYWOOD")	Solar related business	45.00 %	45.00 %	45.00 %	
	Livermore Community Solar Farm, LLC ("Livermore")	Solar related business	- %	- %	100.00 %	3
	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 %	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
			March 31, 2023	December 31, 2022	March 31, 2022	
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 GESSolar”)	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 %	
NSP UK	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 %	
	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	- %	- %	- %	3
UREE	United Agriculture Ecology Ltd. Co. (“UAE”)	Solar and agriculture-related business	- %	- %	- %	2
Utech	Jiangung Energy Power Ltd. Co. (“Jiangung”)	Solar related business	100.00 %	100.00 %	100.00 %	
Jiangung	Yong Liang Ltd. (“Yong Liang”)	Solar related business	74.30 %	74.30 %	63.86 %	
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 %	3
	Clean Focus Renewables Inc. (“CFR”)	Solar related business	100.00 %	100.00 %	100.00 %	4
	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 %	

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

Investor	Investee	Principal activity	% of Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
DelSolar Development	DSS-USF PHX LLC	Solar related business	- %	- %	100.00 %	3
	DSS-RAL LLC	Solar related business	- %	- %	100.00 %	3
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 2022.

Note 3: The Group had liquidated and dissolved in 2022.

Note 4: The Group had been liquidating and dissolving during three months ended March 31, 2023

(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.

(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.

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

(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>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>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, 2022.

(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, 2022. Please refer to the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Cash on hand, checking accounts and demand deposits	\$ 4,806,526	4,746,367	4,747,045
Time deposits	<u>114,924</u>	<u>8,701</u>	<u>8,500</u>
Cash and cash equivalents listed in the consolidated cash flow statements	<u>\$ 4,921,450</u>	<u>4,755,068</u>	<u>4,755,545</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>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Derivatives not used for hedging			
Foreign exchange swap contracts	\$ 401	-	-
Forward exchange contracts	-	-	934
Long call options	69,379	70,387	161,614
Embedded derivative-redemption	<u>600</u>	<u>900</u>	<u>6,000</u>
Total	<u>\$ 70,380</u>	<u>71,287</u>	<u>168,548</u>
Current	\$ 401	-	69,348
Non-current	<u>69,979</u>	<u>71,287</u>	<u>99,200</u>
Total	<u>\$ 70,380</u>	<u>71,287</u>	<u>168,548</u>
Financial liabilities designated at fair value through profit or loss:			
Derivatives not used for hedging			
Forward exchange contracts	\$ -	-	167
Foreign exchange swap contracts	3,951	4,504	9,288
Short call options	<u>18,385</u>	<u>21,775</u>	<u>52,605</u>
Total	<u>\$ 22,336</u>	<u>26,279</u>	<u>62,060</u>
Current	\$ 3,951	4,504	10,212
Non-current	<u>18,385</u>	<u>21,775</u>	<u>51,848</u>
Total	<u>\$ 22,336</u>	<u>26,279</u>	<u>62,060</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.

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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:

	March 31, 2023	December 31, 2022	March 31, 2022
Shorting call options-MEGASIXTEEN			
Estimated strike price			USD13,347 thousand dollars
Expected volatility			22%
Duration			0.75 year
Discount rate			6.7473%
Shorting call options-TEV II			
Estimated strike price	USD13,822 thousand dollars	USD13,822 thousand dollars	USD13,822 thousand dollars
Expected volatility	23.78%	23.78%	30%
Duration	1.75 years	2 years	2.75 years
Discount rate	11.6533%	11.6533%	6.7473%
Longing call options-MEGASIXTEEN			
Estimated strike price			USD656 thousand dollars
Expected volatility			22%
Duration			0.75 year
Discount rate			6.7473%
Longing call options-TEV II			
Estimated strike price	USD704 thousand dollars	USD704 thousand dollars	USD704 thousand dollars
Expected volatility	23.88%	23.88%	32%
Duration	1.25 years	1.5 years	2.25 years
Discount rate	11.6533%	11.6533%	6.7473%

In addition, the long call option between MEGASIXTEEN and special shareholders and the short call option between MEGASIXTEEN and IMPA can be executed, and the relevant procedures are still being processed.

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

- (iv) The Group entered into such foreign exchange forward contracts and cross-currency 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:

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (in Thousands)</u>
March 31, 2023			
Foreign exchange swap contracts	USD/NTD	April 19, 2023~May 30, 2023	USD52,000/ NTD1,574,938
December 31, 2022			
Foreign exchange swap contracts	USD/NTD	January 6, 2023~January 18, 2023	USD40,000/ NTD1,223,862
Foreign exchange swap contracts	USD/CNY	February 15, 2023	USD218/ CNY1,513
March 31, 2022			
Foreign exchange swap contracts	USD/NTD	April 8, 2022~April 25, 2022	USD34,000/ NTD962,438
Selling Forward exchange contracts	EUR/USD	April 21, 2022~May 16, 2022	EUR3,000/USD3,383

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

	For the three months ended March 31,	
	2023	2022
Revaluation of derivatives listed in profit and loss	<u>\$ (2,593)</u>	<u>(31,415)</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Equity instrument measured at fair value through other comprehensive income:			
Domestic investments			
Listed ordinary shares	\$ 448,160	333,541	399,222
Unlisted ordinary shares	262,893	331,001	142,199
Overseas investments - unlisted ordinary shares	8,188	8,188	8,188
Total	<u>\$ 719,241</u>	<u>672,730</u>	<u>549,609</u>

- (i) The Group's equity instruments are not held for trading, therefore has been designated at fair value through other comprehensive income.
- (ii) To 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
Notes to the Consolidated Financial Statements

- (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) In the first quarter of 2023, the Group sold financial assets measured at fair value through other comprehensive gains and losses. The fair value at the time of disposal was \$47,223 thousand, and the accumulated disposal proceeds amounted to \$14,463 thousand, transferred from other equity to retained earnings. The Group did not dispose any equity instruments during three months ended March 31, 2022. During the period, the accumulated gains and losses were not transferred into equity.
- (vi) For credit risk and market risk, please refer to note 6(ad).
- (vii) Please refer to Note 8 for details of the above-mentioned financial assets had been pledged as collateral.
- (d) Financial assets at amortized cost

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Convertible preference shares - Phanes Holding Inc.	\$ <u>-</u>	<u>-</u>	<u>-</u>

- (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.
- (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.
- (iv) The principal amount of the above-mentioned special stock transaction is USD5,000 thousand and the interest receivable is 29,176 thousand. According to the future recoverability which based on the preference shares cash flow assessment, the Group recognized impairment loss on financial assets.
- (v) Financial assets at amortized cost had not been pledged as collateral.

(Continued)

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

(e) Notes and accounts receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Notes and accounts receivable	\$ 1,889,517	2,635,821	2,167,431
Accounts receivable from related parties	121,495	126,959	213,822
Less: Loss Allowance	<u>(19,260)</u>	<u>(219,318)</u>	<u>(201,576)</u>
	<u>\$ 1,991,752</u>	<u>2,543,462</u>	<u>2,179,677</u>

- (i) 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:

	March 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,856,092	0%~0.014%	194
1 to 30 days past due	51,684	0%~0.091%	23
61 to 90 days past due	8,874	0%~0.56%	6
91 to 120 days past due	571	0%~1.411%	3
121 to 150 days past due	2,389	0%~6.25%	35
More than 181 days past due	<u>91,402</u>	0%~100%	<u>18,999</u>
Total	<u>\$ 2,011,012</u>		<u>19,260</u>
	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,219,996	0%~0.06%	1,018
1 to 30 days past due	167,387	0%~0.21%	302
31 to 60 days past due	34,716	0%~0.47%	120
61 to 90 days past due	49,293	0%~1.07%	245
91 to 120 days past due	2,703	0%~2.19%	59
151 to 180 days past due	14,708	0%~41.67%	-
More than 181 days past due	<u>273,977</u>	0%~100%	<u>217,574</u>
Total	<u>\$ 2,762,780</u>		<u>219,318</u>

(Continued)

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

	March 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,030,769	0%~0.06%	829
1 to 30 days past due	57,995	0%~0.21%	115
31 to 60 days past due	15,213	0%~0.47%	72
61 to 90 days past due	7,863	0%~1.07%	84
91 to 120 days past due	11,400	0%~2.19%	-
121 to 150 days past due	229	0%~6.48%	-
More than 181 days past due	257,784	0%~100%	200,476
Total	\$ 2,381,253		201,576

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

	For the three months ended March 31,	
	2023	2022
Balance at January 1	\$ 219,318	203,677
Impairment loss reversed	(3,749)	(2,148)
Amounts written off	(196,289)	-
Foreign exchange gains (loss)	(20)	47
Balance at March 31	\$ 19,260	201,576

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

(f) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods and products	\$ 1,922,172	2,074,319	778,431
Construction in progress	1,457,689	1,336,701	1,262,715
Raw materials	496,382	864,010	676,603
Work in progress	87,376	102,380	243,998
	\$ 3,963,619	4,377,410	2,961,747

(i) The construction in progress listed above is the construction cost incurred to build the power plant that the Group is intending to sell.

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

(ii) The details of the cost of sales were as follows:

	For the three months ended March 31,	
	2023	2022
Cost of goods sold	\$ 4,242,645	3,932,132
Unallocated production overheads	129,107	11,000
Reversal of write-downs and retirement of inventories	(46,700)	(4,927)
Others	(1,608)	(8,382)
Total	\$ 4,323,444	3,929,823

(iii) As of March 31, 2023 and 2022 and December 31, 2022, the inventories of the Group had not been pledged as collateral.

(g) Non-current assets held for sale

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

	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable	\$ -	-	50,766
Property, plant and equipment	515,704	530,209	1,135,005
Intangible assets	-	-	65,719
Restricted assets - non-current	-	-	156,466
Other assets	-	-	24,411
Assets held for sale	\$ 515,704	530,209	1,432,367
Bank borrowings	\$ -	-	957,429
Other payables	-	-	35,653
Other liabilities	-	-	34,759
Liabilities held for sale	\$ -	-	1,027,841

(h) Investments accounted for using the equity method

	March 31, 2023	December 31, 2022	March 31, 2022
Associates	\$ 230,411	231,686	215,567
Joint ventures	3,660	3,696	3,442
	\$ 234,071	235,382	219,009

(Continued)

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

- (i) Please refer to note 13(b) for list of investments, percentage of ownership and main activities.
- (ii) The Group is not a controlling shareholder to the associates and it also cannot obtain more than half of the voting rights at board of directors and a shareholders' meeting. Therefore, it is determined that the Group has significant influence on its associates.
- (iii) Associates

- 1) 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:

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount of individually insignificant associates' equity	\$ 230,411	231,686	215,567
		For the three months ended March 31,	
		2023	2022
Attributable to the Group			
Net income		\$ 855	1,203
Other comprehensive income (loss)		(2,130)	-
Comprehensive income (loss)		\$ (1,275)	1,203

- (iv) The Group's financial information on investments in individually insignificant joint ventures accounted for using the equity method was as follow:

	March 31, 2023	December 31, 2022	March 31, 2022
The carrying amount of investments in the individually insignificant joint ventures	\$ 3,660	3,696	3,442

- (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 three months ended March 31, 2023 and 2022 have not been reviewed.
- (i) Loss of control over a subsidiary

During three months ended March 31, 2022, the Group sold all of its shares in subsidiaries and loss control of them, with the considerations of \$9,996 thousand, the disposal profit was \$1 thousand, which was included in other gains and losses. There were no disposal of subsidiaries for the three months ended March 31, 2023.

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

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

	For the three months ended March 31, 2022
Bank deposit	\$ 11,268
Receivables	2,698
Construction contracts receivable	1,912
Other current assets	1,777
Right of use assets	1,227
Other non current assets	1,222
Accounts payable	(1,323)
Current liabilities	(638)
Lease liability	(1,235)
Non current liabilities	(249)
Carrying amount of subsidiary's net assets	<u><u>\$ 16,659</u></u>

(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:

	Land	Buildings	Machinery and equipment	Other equipment	Equipment to be inspected and construction in progress	Total
Cost:						
Balance on January 1, 2023	\$ 764,280	4,504,773	14,661,114	6,666,705	1,322,260	27,919,132
Additions	-	-	4,465	448	257,864	262,777
Disposals	-	-	(4,806)	(29)	-	(4,835)
Reclassification	-	-	737,595	235,241	(947,667)	25,169
Effect of changes in foreign exchange rates	218	1,087	1,624	(19,546)	2	(16,615)
Balance on March 31, 2023	<u>\$ 764,498</u>	<u>4,505,860</u>	<u>15,399,992</u>	<u>6,882,819</u>	<u>632,459</u>	<u>28,185,628</u>
Balance on January 1, 2022	\$ 759,135	4,479,064	18,659,052	5,249,960	285,492	29,432,703
Additions	-	-	-	16,969	477,361	494,330
Disposals	-	-	(3,232,561)	(41,181)	-	(3,273,742)
Reclassification	-	-	10,846	85,803	25,673	122,322
Effect of changes in foreign exchange rates	2,447	12,205	15,338	102,517	342	132,849
Balance on March 31, 2022	<u>\$ 761,582</u>	<u>4,491,269</u>	<u>15,452,675</u>	<u>5,414,068</u>	<u>788,868</u>	<u>26,908,462</u>

(Continued)

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

	<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>
Accumulated depreciation:						
Balance on January 1, 2023	\$ -	2,066,532	13,742,566	1,921,719	-	17,730,817
Depreciation	-	52,533	118,382	78,082	-	248,997
Disposals	-	-	(4,806)	(29)	-	(4,835)
Effect of changes in foreign exchange rates	-	269	720	(5,948)	-	(4,959)
Balance on March 31, 2023	<u>\$ -</u>	<u>2,119,334</u>	<u>13,856,862</u>	<u>1,993,824</u>	<u>-</u>	<u>17,970,020</u>
Balance on January 1, 2022	\$ -	1,851,219	17,196,768	2,171,021	-	21,219,008
Depreciation	-	52,339	132,965	51,547	-	236,851
Disposals	-	-	(3,232,169)	(41,181)	-	(3,273,350)
Effect of changes in foreign exchange rates	-	2,462	4,269	35,255	-	41,986
Balance on March 31, 2022	<u>\$ -</u>	<u>1,906,020</u>	<u>14,101,833</u>	<u>2,216,642</u>	<u>-</u>	<u>18,224,495</u>
Carrying amounts:						
Balance on January 1, 2023	<u>\$ 764,280</u>	<u>2,438,241</u>	<u>918,548</u>	<u>4,744,986</u>	<u>1,322,260</u>	<u>10,188,315</u>
Balance on March 31, 2023	<u>\$ 764,498</u>	<u>2,386,526</u>	<u>1,543,130</u>	<u>4,888,995</u>	<u>632,459</u>	<u>10,215,608</u>
Balance on January 1, 2022	<u>\$ 759,135</u>	<u>2,627,845</u>	<u>1,462,284</u>	<u>3,078,939</u>	<u>285,492</u>	<u>8,213,695</u>
Balance on March 31, 2022	<u>\$ 761,582</u>	<u>2,585,249</u>	<u>1,350,842</u>	<u>3,197,426</u>	<u>788,868</u>	<u>8,683,967</u>

- (i) The aforementioned property, plant and equipment of the Group had been pledged as collateral, please refer to Note 8.
- (ii) For the three months ended March 31, 2023 and 2022, capitalized borrowing costs were \$6,981 thousand and \$5,087 thousand relating to the acquisition of constructing factory, with capitalization rates of 2.6779%~3.30% and 1.9622%~2.53%.
- (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 March 31, 2023	<u>\$ 356,842</u>	<u>1,067,158</u>	<u>1,403</u>	<u>8,517</u>	<u>1,433,920</u>
Balance at December 31, 2022	<u>\$ 363,890</u>	<u>969,679</u>	<u>1,517</u>	<u>9,751</u>	<u>1,344,837</u>
Balance at March 31, 2022	<u>\$ 384,334</u>	<u>18,953</u>	<u>1,859</u>	<u>18,659</u>	<u>423,805</u>

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 three months ended March 31, 2023 and 2022. Please refer to the 2022 annual consolidated financial statements for other related information.

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

The details of investment property are as follows:

	Properties		Right-of-use asset	Total
	Land	Buildings	Land	
Carrying amount:				
Balance at March 31, 2023	\$ <u>747,300</u>	<u>1,791,946</u>	<u>151,485</u>	<u>2,690,731</u>
Balance at December 31, 2022	\$ <u>747,300</u>	<u>1,819,783</u>	<u>154,983</u>	<u>2,722,066</u>
Balance at March 31, 2022	\$ <u>747,300</u>	<u>1,903,311</u>	<u>165,479</u>	<u>2,816,090</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the three months ended March 31, 2023 and 2022. Please refer to the 2022 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, 2022.

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

(m) Intangible assets

	Patents and Other
Carrying amount:	
Balance at March 31, 2023	\$ <u>3,593</u>
Balance at December 31, 2022	\$ <u>3,250</u>
Balance at March 31, 2022	\$ <u>4,878</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2023 and 2022. Please refer to the 2022 annual consolidated financial statements for other related information.

(n) Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank loans	\$ <u>1,032,770</u>	<u>1,895,215</u>	<u>307,615</u>
Range of interest rates	<u>2.226%~6.26%</u>	<u>2.101%~5.85%</u>	<u>1.99%~2.25%</u>

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

(o) Short-term bills payable

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Commercial paper payable	\$ -	100,000	106,600
Less: discounts on commercial paper payable	-	(69)	(21)
	<u>\$ -</u>	<u>99,931</u>	<u>106,579</u>

There were no significant issues, repurchases and repayments of short-term bills payable for the three months ended March 31, 2023 and 2022. Please refer to the 2022 annual consolidated financial statements for other related information.

(p) Long-term borrowings

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
<u>Secured bank loans</u>			
Bank Loan - Syndicated loans	\$ 4,431,617	4,441,503	4,469,160
Bank Loan - Power Plant Project Loans	633,088	375,270	284,127
Bank Loan - Medium and Long-Term Loans	739,876	1,000,000	-
Other financing loan	690,015	696,853	633,128
<u>Unsecured bank loans</u>			
Bank Loan - Medium and Long-Term Loans	307,247	319,229	119,920
	6,801,843	6,832,855	5,506,335
Less: Current portion	(3,063,310)	(2,839,555)	(2,373,901)
Total	<u>\$ 3,738,533</u>	<u>3,993,300</u>	<u>3,132,434</u>
Range of interest rates	<u>2.045%~4.75%</u>	<u>2.045%~4.75%</u>	<u>1.91%~4.75%</u>

- 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 three months ended March 31, 2023 and 2022. Please refer to the 2022 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 had sold the subsidiaries in the second quarter of 2022 and reclassify the related borrowings to liabilities held for sale on March 31, 2022, please refer to note 6(g).

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

- 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 31 March 2023 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 loan had already been repaid in February 2022.
 - e) 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. According to the terms on the contract, the financial ratios need not be reviewed this quarter due to the financial ratios as of 31 December 2022 are in compliance with the requirement.
 - f) 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 March 31, 2023, the balance of bank loan was \$2,271,806 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 to June 2024. 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.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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- 5) Please refer to note 8 for details of the guarantee situation of the consolidated company using assets to set mortgage for bank loans.

(q) Bonds payable

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

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Issuance amount	\$ 3,000,000	3,000,000	3,000,000
Unamortized discount	(26,468)	(30,685)	(43,333)
Accumulated converted amount	(100)	-	-
Ending balance of bonds payable	<u>\$ 2,973,432</u>	<u>2,969,315</u>	<u>2,956,667</u>
Embedded derivative component—redemption rights (recorded as financial assets at fair value through profit or loss - non-current)	<u>\$ 600</u>	<u>900</u>	<u>6,000</u>
Equity component—conversion right (recorded as capital surplus)	<u>\$ 177,360</u>	<u>177,366</u>	<u>177,366</u>
		For the three months ended	
		March 31,	
		<u>2023</u>	<u>2022</u>
Embedded derivative component—revaluation loss on redemption rights (recorded as other gains and losses)		<u>\$ (300)</u>	<u>(900)</u>
Interest expense		<u>\$ 4,217</u>	<u>4,217</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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**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. The conversion price has been adjusted to \$20.5 at present.

(r) Preference share liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Class A preference shares	\$ 5,679	6,986	14,424
Less: Current portion	(5,679)	(6,986)	(11,194)
Total	<u>\$ -</u>	<u>-</u>	<u>3,230</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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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:

	March 31, 2023	December 31, 2022	March 31, 2022
Current	\$ <u>104,680</u>	<u>95,525</u>	<u>56,104</u>
Non-current	\$ <u>1,461,301</u>	<u>1,376,919</u>	<u>554,260</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 March 31,	
	2023	2022
Interest on lease liabilities	\$ <u>8,520</u>	<u>4,687</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>3,623</u>	<u>4,454</u>
Expenses relating to short-term leases	\$ <u>2,862</u>	<u>2,491</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>98</u>	<u>74</u>

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

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Total cash outflow for leases	\$ <u>32,892</u>	<u>29,742</u>

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

(t) Provisions

	March 31, 2023	December 31, 2022	March 31, 2022
Warranties	\$ 131,483	121,556	99,117
Onerous contracts	-	-	56,292
Site restoration	125,071	116,412	10,535
	<u>\$ 256,554</u>	<u>237,968</u>	<u>165,944</u>

There were no significant changes in provisions for the three months ended March 31, 2023 and 2022. Please refer to the 2022 annual consolidated financial statements for other related information.

(u) Operating lease

There were no significant changes in operating lease for the three months ended March 31, 2023 and 2022. Please refer to the 2022 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 \$13,785 thousand and \$12,138 thousand for the three months ended March 31, 2023 and 2022, respectively.

(w) Income Taxes

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

	For the three months ended March 31,	
	2023	2022
Income tax expense	<u>\$ 2,334</u>	<u>26,441</u>

(ii) For the three months ended March 31, 2023 and 2022, there was no income tax recognized in other comprehensive income.

(iii) The Company's tax returns for the years through 2021 were assessed by the National Tax Bureau.

(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 March 31, 2023 and 2022. For the related information, please refer to the consolidated financial statements for the year ended December 31, 2022.

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

(i) Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
Authorized share capital	<u>\$ 36,000,000</u>	<u>36,000,000</u>	<u>36,000,000</u>
Issued share capital	<u>\$ 16,277,954</u>	<u>16,277,905</u>	<u>16,278,140</u>
Total shares issued	<u>\$ 1,627,795</u>	<u>1,627,791</u>	<u>1,627,814</u>

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

(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.

The resolution was approved during the general meetings of the shareholders held on June 24, 2022 to offset the deficit against the capital surplus of \$822,510 thousand.

(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.

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.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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The company's board of directors resolved the profit distribution plan for the year of 2022 on March 13, 2023. The amount is as follows:

	For the year ended December 31, 2022	
	dividend per share	Amount
	(dollar/share)	Amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.1	162,779

The offset of accumulated deficits for 2021 had been resolved, during the shareholder's meeting held on June 24, 2022. 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 March 31, 2023	\$ 1,066	18,699	22,326
Balance at December 31, 2022	\$ 1,066	18,699	22,006
Balance at March 31, 2022	\$ 1,066	18,699	24,511

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.

(y) Share-based payment

As of March 31, 2023, the Group's restricted share plan for employees are as follows. There were no significant changes in share based payment for the three months ended March 31, 2023 and 2022. Please refer to the 2022 annual consolidated financial statements for other related information.

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

(i) Restricted employee shares

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

(ii) Information for the cost of share-based payment

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Wages expense	\$ -	<u>350</u>

(z) Earnings per share

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

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ <u>42,603</u>	<u>600,353</u>
Weighted average number of ordinary shares outstanding (in thousands of shares)	<u>1,626,725</u>	<u>1,626,601</u>
Earnings per share	\$ <u>0.03</u>	<u>0.37</u>
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ 42,603	600,353
Bonds discount and amortized issuance costs	<u>3,373</u>	<u>3,373</u>
Total amount	<u>45,976</u>	<u>603,726</u>
Weighted average number of ordinary shares outstanding (in thousands of shares)	1,626,725	1,626,601
Effect of convertible bonds (in thousands of shares)	146,341	143,541
Effect of employee bonuses (in thousands of shares)	240	-
Effect of restricted employee shares unvested (in thousands)	<u>-</u>	<u>147</u>
Weighted average number of ordinary shares (diluted) (in thousands of shares)	<u>1,773,306</u>	<u>1,770,289</u>
Diluted earnings per share	\$ <u>0.03</u>	<u>0.34</u>

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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 March 31,	
	2023	2022
Major products		
Solar products	\$ 4,511,215	3,804,379
System	146,451	535,867
Other	19,814	342,027
	\$ 4,677,480	4,682,273

(ii) Contract balance

	March 31, 2023	December 31, 2022	March 31, 2022
Notes and accounts receivable	\$ 1,991,752	2,543,462	2,179,677
Contract assets			
OEM contract	\$ 50,837	43,518	95,567
Construction contract	186,593	295,789	344,758
Less: allowance for impairment	-	-	-
Contract assets - current	\$ 237,430	339,307	440,325
Contract liabilities			
Sales of products	\$ 528,393	360,283	509,265
Construction contract	12,894	20,821	47,946
Contract liabilities - current	\$ 541,287	381,104	557,211

- 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 March 31, 2023 and 2022 were \$266,904 thousand and \$204,767 thousand, respectively.
- 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.

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

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 \$5,032 thousand and \$503 thousand, respectively, for the three months ended March 31, 2023. 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. Due to accumulated loss for the three months ended March 31, 2022, the Group did not estimate its employees' and directors' remuneration. The remunerations to employees and directors amounted to \$39,857 thousand and \$3,986 thousand, respectively, for the year ended December 31, 2022, which was no different from the resolution of the board of directors. 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 March 31,	
	2023	2022
Lease income	\$ 50,150	49,049
Other income	25,146	64,021
	\$ 75,296	113,070

(ii) Other gains and losses

	For the three months ended March 31,	
	2023	2022
(Loss) gain on foreign currency exchange	\$ (18,636)	72,096
Gain on disposal of property, plant and equipment and power facilities business	774	33,434
Gain on disposal of investments	-	1
Losses on financial assets (liabilities)	(2,593)	(31,415)
Other	(4,707)	(12,610)
	\$ (25,162)	61,506

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

(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, 2022.

(i) Credit risk

1) Credit risk exposure

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

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>
March 31, 2023					
Non-derivative financial liabilities					
Bank borrowings	\$ 8,506,774	4,286,211	2,307,414	430,882	1,482,267
Lease liabilities	1,915,887	140,416	135,216	116,257	1,523,998
Non-interest bearing liabilities	2,215,898	2,215,898	-	-	-
Derivative financial liabilities (Note)					
Inflow	(1,574,938)	(1,574,938)	-	-	-
Outflow	<u>1,578,488</u>	<u>1,578,488</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,642,109</u>	<u>6,646,075</u>	<u>2,442,630</u>	<u>547,139</u>	<u>3,006,265</u>

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

	<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>
December 31, 2022					
Non-derivative financial liabilities					
Bank borrowings	\$ 9,381,426	4,923,997	2,632,825	422,340	1,402,264
Short-term bills payable	100,000	100,000	-	-	-
Lease liabilities	1,803,759	117,791	114,490	112,453	1,459,025
Non-interest bearing liabilities	2,836,909	2,836,909	-	-	-
Derivative financial liabilities (Note)					
Inflow	(1,230,535)	(1,230,535)	-	-	-
Outflow	<u>1,235,039</u>	<u>1,235,039</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,126,598</u>	<u>7,983,201</u>	<u>2,747,315</u>	<u>534,793</u>	<u>2,861,289</u>
March 31, 2022					
Non-derivative financial liabilities					
Bank borrowing	\$ 6,424,485	2,813,786	665,863	1,906,627	1,038,209
Short-term bills payable	106,600	106,600	-	-	-
Lease liabilities	789,709	71,636	55,018	54,724	608,331
Non-interest bearing liabilities	2,772,375	2,772,375	-	-	-
Derivative financial liabilities (Note)					
Inflow	(1,059,248)	(1,059,248)	-	-	-
Outflow	<u>1,067,769</u>	<u>1,067,769</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,101,690</u>	<u>5,772,918</u>	<u>720,881</u>	<u>1,961,351</u>	<u>1,646,540</u>

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.

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

(iii) Market risk

1) Currency risk

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

	March 31, 2023			December 31, 2022			March 31, 2022		
	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	\$ 100,887	30.4250	3,069,487	123,424	30.7300	3,792,820	100,982	28.6150	2,889,600
EUR	7,960	33.1800	264,113	5,878	32.7500	192,505	6,348	31.9500	202,819
GBP	946	37.7300	35,693	952	37.0400	35,262	332	37.5500	12,467
Non-Monetary items									
MYR	12,212	6.6200	80,840	12,098	6.6920	80,960	11,176	6.5350	73,035
Financial liabilities									
Monetary items									
USD	36,984	30.4250	1,125,238	72,816	30.7300	2,237,636	52,812	28.6150	1,511,215
EUR	5,183	33.1800	171,972	5,662	32.7500	185,431	4,121	31.9500	131,666

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 the net profit before tax for the three months ended March 31, 2023 and 2022 by \$20,721 thousand and \$14,632 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 three months ended March 31, 2023 and 2022, 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.

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.

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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If the interest rate had increased / decreased by 0.25%, the Group's net income would have decreased / increased by \$1,125 thousand and \$61 thousand for the three months ended March 31, 2023 and 2022 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>	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Increasing 5%	\$ <u>22,408</u>	<u>19,961</u>
Decreasing 5%	\$ <u>(22,408)</u>	<u>(19,961)</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
Notes to the Consolidated Financial Statements

	March 31, 2023				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit and loss					
Derivative financial assets	\$ <u>70,380</u>	<u>-</u>	<u>401</u>	<u>69,979</u>	<u>70,380</u>
Financial assets at fair value through other comprehensive income					
Listed domestic stocks	\$ 448,160	252,160	196,000	-	448,160
Non-quoted equity instruments measured at fair value	<u>271,081</u>	<u>-</u>	<u>-</u>	<u>271,081</u>	<u>271,081</u>
Subtotal	<u>\$ 719,241</u>	<u>252,160</u>	<u>196,000</u>	<u>271,081</u>	<u>719,241</u>
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 4,921,450				
Accounts receivable (including related parties)	1,991,752				
Other receivables (including related parties)	493,156				
Other financial assets	728,187				
Refundable deposits	158,234				
Other non-current assets	<u>290,594</u>				
	<u>\$ 8,583,373</u>				
Financial liabilities at fair value through profit and loss					
Derivative financial liabilities	\$ <u>22,336</u>	<u>-</u>	<u>3,951</u>	<u>18,385</u>	<u>22,336</u>
Financial liabilities measured at amortized cost					
Bonds payable	\$ 2,973,432				
Long-term and short-term borrowings	7,834,613				
Accounts payable (including related parties)	753,160				
Lease liabilities	1,565,981				
Preference share liabilities	5,679				
Other financial liabilities	<u>1,462,738</u>				
	<u>\$ 14,595,603</u>				

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
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	December 31, 2022				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ <u>71,287</u>	<u>-</u>	<u>-</u>	<u>71,287</u>	<u>71,287</u>
Financial assets at fair value through other comprehensive income					
Listed domestic stocks	\$ 333,541	152,171	181,370	-	333,541
Non-quoted equity instruments measured at fair value	<u>339,189</u>	<u>-</u>	<u>-</u>	<u>339,189</u>	<u>339,189</u>
Subtotal	<u>\$ 672,730</u>	<u>152,171</u>	<u>181,370</u>	<u>339,189</u>	<u>672,730</u>
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 4,755,068				
Accounts receivable (including related parties)	2,543,462				
Other receivables (including related parties)	474,497				
Other financial assets	629,432				
Refundable deposits	156,092				
Other non-current assets	<u>422,301</u>				
	<u>\$ 8,980,852</u>				
Financial liabilities at fair value through profit and loss					
Derivative financial liabilities	\$ <u>26,279</u>	<u>-</u>	<u>4,504</u>	<u>21,775</u>	<u>26,279</u>
Financial liabilities measured at amortized cost					
Bonds payable	\$ 2,969,315				
Lone-term and short-term borrowings	8,728,070				
Short-term bills payable	99,931				
Accounts payable (including related parties)	1,194,056				
Lease liabilities	1,472,444				
Preference share liabilities	6,986				
Other financial liabilities	<u>1,642,853</u>				
	<u>\$ 16,113,655</u>				

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	March 31, 2022				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit and loss					
Derivative financial assets	\$ <u>168,548</u>	-	934	167,614	<u>168,548</u>
Financial assets at fair value through other comprehensive income					
Listed domestic stocks	\$ 399,222	188,452	210,770	-	399,222
Non-quoted equity instruments measured at fair value	150,387	-	-	150,387	150,387
Subtotal	\$ <u>549,609</u>	<u>188,452</u>	<u>210,770</u>	<u>150,387</u>	<u>549,609</u>
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 4,755,545				
Accounts receivable (including related parties)	2,179,677				
Other receivables (including related parties)	549,742				
Other financial assets	797,367				
Refundable deposits	674,291				
Other non-current assets	411,853				
	\$ <u>9,368,475</u>				
Financial liabilities at fair value through profit and loss					
Derivative financial liabilities	\$ <u>62,060</u>	-	9,455	52,605	<u>62,060</u>
Financial liabilities measured at amortized cost					
Bonds payable	\$ 2,956,667				
Long-term and short-term borrowings	5,813,950				
Short-term bills payable	106,579				
Accounts payable (including related parties)	1,178,711				
Lease liabilities	610,364				
Preference share liabilities	14,424				
Other financial liabilities	1,593,664				
	\$ <u>12,274,359</u>				

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.

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

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.

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.

(Continued)

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

d) Transfer between Level 1 and level 2

The shares of EGAT held by the Group are classified as financial assets measured at fair value through other comprehensive income. The fair values on March 31, 2023, December 31 and March 31, 2022 were \$95,844 thousand, \$68,108 thousand and \$94,500 thousand respectively. The company's stock was classified as Level 3 because it had no public market quotation and the fair value was measured using significant unobservable inputs on March 31, 2022. The shares of EGAT began to be listed, and there were quotations in the active market in March 2023. Therefore, its fair value measurement was transferred from Level 3 to Level 1 on March 31, 2023.

e) Reconciliation of Level 3 fair values

The changes in Level 3 fair values for the three months ended March 31, 2023 and 2022 are as follows:

	Derivative instrument - Net of fair value measured through profit and loss		Non quoted equity instrument - fair value through other comprehensive income	
	2023	2022	2023	2022
Opening balance	\$ 49,512	112,146	339,189	55,887
Additions / Disposals	-	-	-	94,500
Total gains and losses recognized in profit and loss	2,704	(734)	-	-
Transfer from Level 3	-	-	(68,108)	-
Effect of exchange rate changes	(622)	3,597	-	-
Ending balance	<u>\$ 51,594</u>	<u>115,009</u>	<u>271,081</u>	<u>150,387</u>

As of March 31, 2023 and 2022, 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 three months ended March 31,	
	2023	2022
Total gains and losses recognized:		
In gains and losses, and presented in "other gains and losses"	<u>\$ 2,704</u>	<u>(734)</u>

(Continued)

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

- f) 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 (23.78%~27.82% for March 31, 2023 and December 31, 2022, 22%~32% for March 31, 2022, 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 December 31, 2022) ·Price-Book Ratio (1.8 for December 31, 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 March 31, 2023 and December 31, 2022)	·The higher the ratio, the lower the fair value

(Continued)

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

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

	Input value	Increase(+) or decrease(-)	The effect of fair value fluctuations in profit and loss		The effect of fair value fluctuations in other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
March 31, 2023						
Financial assets measured at fair value through profit and loss - derivatives instruments (long call options)	23.88%	+0.5%	-	-	-	-
Financial assets measured at fair value through profit and loss - derivatives instruments (short call options)	23.78%~27.82%	+0.5%	-	(852)	-	-
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	15.7236%	+3%	-	-	-	(34,037)
	15.7236%	-3%	-	-	64,095	-
December 31, 2022						
Financial assets measured at fair value through profit and loss - derivatives instruments (long call options)	23.88%	+0.5%	-	-	-	-
Financial assets measured at fair value through profit and loss - derivatives instruments (short call options)	23.78%~27.82%	+0.5%	-	(5,839)	-	-
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	10%	+5%	-	-	-	(3,784)
	10%	-5%	-	-	3,784	-
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	1.8	+5%	-	-	3,405	-
	1.8	-5%	-	-	-	(3,405)
Financial assets measured at fair value through other comprehensive income - equity instruments without an active market	15.7236%	+3%	-	-	-	(34,037)
	15.7236%	-3%	-	-	64,095	-
March 31, 2022						
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%~30%	+0.5%	-	(12,077)	-	-
	22%~30%	-0.5%	11,368	-	-	-

(Continued)

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

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, 2022.

(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, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022.

(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 three months ended March 31, 2023 and 2022, were as follows:

- (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, 2023	Cash flows	Foreign exchange movements and others	March 31, 2023
Long-term borrowings	\$ 6,832,855	(34,307)	3,295	6,801,843
Short-term borrowings	1,895,215	(846,844)	(15,601)	1,032,770
Shor-term bills payable	99,931	(100,000)	69	-
Lease liabilities	1,472,444	(17,789)	111,326	1,565,981
Preference share liabilities	6,986	(2,120)	813	5,679
Bonds payable	<u>2,969,315</u>	<u>-</u>	<u>4,117</u>	<u>2,973,432</u>
Total liabilities from financing activities	<u>\$ 13,276,746</u>	<u>(1,001,060)</u>	<u>104,019</u>	<u>12,379,705</u>

(Continued)

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

	January 1, 2022	Cash flows	Foreign exchange movements and others	March 31, 2022
Long-term borrowings	\$ 5,960,245	(491,942)	38,032	5,506,335
Short-term borrowings	50,389	257,226	-	307,615
Shor-term bills payable	221,253	(114,700)	26	106,579
Lease liabilities	619,119	(18,036)	9,281	610,364
Preference share liabilities	16,500	(4,335)	2,259	14,424
Bonds payable	<u>2,952,450</u>	<u>-</u>	<u>4,217</u>	<u>2,956,667</u>
Total liabilities from financing activities	<u>\$ 9,819,956</u>	<u>(371,787)</u>	<u>53,815</u>	<u>9,501,984</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”)	Associate (Note 1)
ThinTech Materials Technology Co., Ltd.	Other related party (Note 1)
Solarbright energy Co., Ltd. (“Solarbright”)	Associate
Apex Solar Corporation (“Apex”)	Associate
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

Note 1: The Group has no significant influence on the company in the third quarter of 2022.

(Continued)

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

(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	
	March 31,	
	2023	2022
Associates	\$ 25,342	51,816

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:

	March 31, 2023		December 31, 2022		March 31, 2022	
	Accounts Receivable	Contract Assets	Accounts Receivable	Contract Assets	Accounts Receivable	Contract Assets
Associates						
Apex	\$ 1,881	65,371	-	66,653	3,560	3,850
Other related parties						
CFC	119,614	-	126,959	-	131,098	-
Verde Solar Inc.	-	-	-	-	79,164	-
	\$ 121,495	65,371	126,959	66,653	213,822	3,850

(ii) Purchases, accounts payable and contract liabilities

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

	For the three months ended	
	March 31,	
	2023	2022
Associates	\$ -	3,996

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

	March 31, 2023		December 31, 2022		March 31, 2022	
	Accounts payable	Contract liabilities	Accounts payable	Contract liabilities	Accounts payable	Contract liabilities
Associates	\$ -	12,680	-	20,608	5,245	33,305

(Continued)

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

- (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:

	Other receivables		
	March 31, 2023	December 31, 2022	March 31, 2022
Associates	\$ 374	381	381
Joint ventures	50,910	51,419	47,652
Other related parties			
CFC	181,256	183,073	302,957
Less: Impairment allowance	(11,562)	(11,677)	(10,874)
	\$ 220,978	223,196	340,116
	Other current liabilities		
	March 31, 2023	December 31, 2022	March 31, 2022
Associates	\$ -	6,595	-
Joint ventures	23,966	24,206	22,540
	\$ 23,966	30,801	22,540

- (iv) Purchase of property, plant and equipment

	Payables on equipment (classified as other current liabilities)		
	March 31, 2023	December 31, 2022	March 31, 2022
Other related parties	\$ 2,145	2,166	2,017

- (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 March 31, 2023, December 31 and March 31, 2022, the remaining balance on the above disposal amounting to \$110,303 thousand, \$111,409 thousand and \$103,741 thousand, respectively, which has not yet be collected, accounted for as other receivables from related parties.

(Continued)

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

(c) Key management personnel compensation

	For the three months ended March 31,	
	2023	2022
Short-term employee benefits	\$ 13,980	14,132
Post-employment benefits	261	304
Share-based payments	-	76
Total	\$ 14,241	14,512

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	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant and equipment	\$ 4,361,560	3,637,226	3,644,185
Investment property	2,443,291	2,468,628	2,544,638
Non-current assets held for sale	-	-	1,184,488
Financial assets at fair value through other comprehensive income	576,978	504,755	-
Restricted bank deposit (accounted for as other financial assets and other non-current assets)	985,268	1,017,682	1,176,969
Refundable deposit	158,234	156,092	674,291
Lease receivables (accounted for as other financial assets and other non-current assets)	-	-	32,251
	\$ 8,525,331	7,784,383	9,256,822

(9) Significant contingent liabilities and unrecognized commitments:

(a) Unrecognized contract commitments

(i) Unrecognized contract commitments

	March 31, 2023	December 31, 2022	March 31, 2022
Unused letter of credit (in USD thousand)	\$ 377	-	-
Unused letter of credit (in EUR thousand)	4,624	7,961	629
Bank guarantee (Note 13(a))	2,493,654	2,499,312	3,270,034

(Continued)

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

- (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:

	March 31, 2023	December 31, 2022	March 31, 2022
Unpaid amount	\$ 2,878,310	3,182,335	3,636,960

- (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:

	March 31, 2023	December 31, 2022	March 31, 2022
Advance payment	\$ 2,090,891	2,091,757	2,099,769
Accumulated impairment loss	\$ 164,853	164,853	164,853

- (vii) As of March 31, 2023, December 31 and March 31, 2022, the Group issued guarantee for Directorate General of Customs and sales Project, amounting to \$776,164 thousand, \$804,976 thousand and \$873,251 thousand, respectively.

(b) Contingencies

- (i) 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.

(Continued)

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

- (ii) FM Company, the sales customer of the Group, claimed that the products did not meet the product specifications and quality requirements, and the Group did not deliver the goods according to the purchase order schedule, and filed a request for damages of USD5,287 thousand to the Group. The Group believed that FM Company's claim is unreasonable for product quality problems, because FM Company failed to provide a letter of credit to the Group before the delivery date of the order as agreed, the Group has no obligation to ship. Therefore, the Group is not liable for damages to FM Company. A lawyer has been appointed to handle the case.
- (iii) The Group and its subcontractor, FN Company, had a disagreement in the interpretation of the payment terms for the second phase of the contract. For this reason, FN Company requested \$79,841 thousand from the Group with a payment order. The Group assessed that FN Company's request did not complete the contract requirements, and the two parties are actively negotiating. At the same time, the Group has appointed a lawyer to handle the procedural issues of the case.

(10) Losses due to major disasters: None

(11) Subsequent Events:

The Group proposed to appoint the First Bank as the coordinating bank to organize a syndicated loan of \$6 billion for operational requirements. The syndicated loan was approved by the board of directors on May 11, 2023.

(12) Others:

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

Functions	For the three months ended March 31, 2023			For the three months ended March 31, 2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Nature						
Employee benefit expense						
Salaries	276,132	94,965	371,097	273,140	101,082	374,222
Labor and health insurance	26,963	8,166	35,129	24,123	8,286	32,409
Pension	9,876	3,909	13,785	9,884	2,254	12,138
Others	24,315	3,634	27,949	34,957	4,225	39,182
Depreciation expense (Note)	259,892	15,334	275,226	234,326	15,692	250,018
Amortization expense	-	483	483	-	645	645

Note: Exclude the depreciation expense of investment property \$31,335 thousand and \$31,336 thousand during the three months ended March 31, 2023 and 2022, respectively.

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

(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 three months ended March 31, 2023:

- (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: None.
- (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: None.
- (viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company’s paid-in capital: Please see Table 3 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 4 attached.

(b) Information on investees:

The followings are the information on investees for the three months ended March 31, 2023: Please see Table 5 attached.

(c) Information on investment in Mainland China: Please see Table 6 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 %

(Continued)

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

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:

For the three months ended March 31, 2023	Solar energy	System	Others	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	\$ 4,512,475	146,451	18,554	-	4,677,480
Intersegment revenues	34,235	-	-	(34,235)	-
Total revenue	<u>\$ 4,546,710</u>	<u>146,451</u>	<u>18,554</u>	<u>(34,235)</u>	<u>4,677,480</u>
Reportable segment profit or loss	<u>\$ 101,759</u>	<u>(17,380)</u>	<u>(16,893)</u>	<u>-</u>	<u>67,486</u>
For the three months ended March 31, 2022	Solar energy	System	Others	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	\$ 3,816,732	535,867	329,674	-	4,682,273
Intersegment revenues	140,746	-	-	(140,746)	-
Total revenue	<u>\$ 3,957,478</u>	<u>535,867</u>	<u>329,674</u>	<u>(140,746)</u>	<u>4,682,273</u>
Reportable segment profit or loss	<u>\$ 292,457</u>	<u>219,562</u>	<u>(11,241)</u>	<u>-</u>	<u>500,778</u>

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
 ENDORSEMENTS/GUARANTEES PROVIDED
 FOR THE THREE MONTHS ENDED March 31, 2023

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	Yong Liang	(2)	3,304,162	1,810,000	1,810,000	554,106	-	10.96	8,260,406	Y	N	N
0	The Company	UREE	(6)	3,304,162	119,270	119,270	88,000	-	0.72	8,260,406	N	N	N
1	GES USA	GES Megasixteen	(2)	991,680	259,038	258,613	258,613	-	26.08	1,983,360	Y	N	N
1	GES USA	TEV SOLAR ALPHA18 LLC	(2)	991,680	306,274	305,771	305,771	-	30.83	1,983,360	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
FOR THE THREE MONTHS ENDED March 31, 2023

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	2023.3.31				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	Shares							
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income- current	3,003	125,826	0.38%	125,826	
	GIGA SOLAR MATERIALS CORPORATION	-	Financial assets at fair value through other comprehensive income- current	266	30,490	0.29%	30,490	
	ThinTech Materials Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income- non-current	7,000	196,000	9.52%	196,000	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	-	Financial assets at fair value through other comprehensive income- non-current	980	95,844	0.28%	95,844	
	DS Energy Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income- non-current	1,450	5,616	12.14%	5,616	
United Renewable Energy Engineering Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income- non-current	57,300	133,429	60.00%	133,429	2	
Convertible preference shares-Phanes Holding Inc.	Other related party	Financial assets at amortized cost- non-current	24	-	100.00%	-	3	

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. The shareholding ratio listed here is calculated based on the number of shares.

Note 3: Please refer to Note6(d) for details.

(Continued)

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 THREE MONTHS ENDED March 31, 2023

TABLE 3

(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	732,527	-	732,527	Receivable according to the financial situation	-	-
The Company	GES ME	Subsidiary	631,368	-	629,097	Receivable according to the financial situation	-	-
The Company	NSP NEVADA	Subsidiary	411,941	-	411,941	Receivable according to the financial situation	-	-
The Company	NSP System	Subsidiary	147,361	-	-	Receivable according to the financial situation	-	-
GES USA	Munisol	Grandson company	898,898	-	-	Receivable according to the financial situation	-	-
DelSolar US	Beryl	Subsidiary	766,359	-	-	Receivable according to the financial situation	-	-
TEV II	TEV Solar	Subsidiary	598,616	-	-	Receivable according to the financial situation	-	-
Beryl	CFC	Other related party	281,246	-	-	Receivable according to the financial situation	-	-
NSP NEVADA	GES USA	Subsidiary	290,471	-	-	Receivable according to the financial situation	-	-
GES UK	GES USA	Subsidiary	176,661	-	176,661	Receivable according to the financial situation	-	-
Gintech (Thailand)	The Company	Parent company	134,115	-	134,115	Receivable according to the financial situation	-	-
USD1	Beryl	Affiliated company	116,190	-	-	Receivable according to the financial situation	-	-
NSP BVI	CFY	Other related party	110,303	-	110,303	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 THREE MONTHS ENDED March 31, 2023

TABLE 4

(In Thousands of New Taiwan Dollars)

No (Note 1)	Company Name	Related Party	Relationship(Note 2)	Intercompany transactions			
				Financial Statement Account	Amount	Trading Terms	Percentage of the consolidated net revenue or total assets
0	The Company	DeSolar US	1	Other receivable	732,527	Note 3	2%
0	The Company	NSP NEVADA	1	Other receivable	411,941	Note 3	1%
0	The Company	GES ME	1	Other receivable	631,368	Note 3	2%
0	The Company	Utech	1	Purchase	66,913	Note 3	1%
1	DeSolar US	Beryl	3	Other receivable	766,359	Note 3	2%
2	GES USA	Munisol	3	Other receivable	898,898	Note 3	3%
3	TEV II	TEV Solar	3	Other receivable	598,616	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 THREE MONTHS ENDED March 31, 2023

TABLE 5

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

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2023			Investee recognized		Note
				March 31, 2023	December 31, 2022	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%	909,968	14,959	14,959	
	DelSolar Cayman	Cayman Islands	Investment company	NTD 4,906,789	NTD 4,906,789	155,126	100%	329,970	6,091	6,091	
	NSP BVI	British Virgin Islands	Investment company	NTD 164,294	NTD 164,294	2,301	100%	116,592	-	-	
	GES ME	The United Arab Emirates	Solar related business	NTD 418,805	NTD 418,805	4	100%	(72,464)	(4,371)	(4,371)	
	NSP UK	UK	Investment company	NTD 28,165	NTD 28,165	580	100%	54,738	(1,098)	(1,098)	
	NSP System	Taiwan	Solar related business	NTD 144,200	NTD 144,200	14,420	100%	42,069	2,535	2,682	
	Zhongyang	Taiwan	Solar related business	NTD 24,121	NTD 24,121	3,500	100%	34,650	(142)	(142)	
	DelSolar Singapore	Singapore	Investment company	NTD 29,743	NTD 29,743	1,250	100%	17,137	-	-	
	SMC	Taiwan	Solar related business	NTD 9,720	NTD 9,720	1,000	100%	9,966	19	19	
	Utech	Taiwan	Electronic component manufacturing	NTD 1,477,049	NTD 1,477,049	41,096	99.99%	(733,019)	(31,988)	(31,981)	
	Yong Liang	Taiwan	Solar related business	NTD 249,000	NTD 249,000	24,900	25.70%	206,849	(1,577)	(405)	
	Yong Zhou	Taiwan	Solar related business	NTD 59,000	NTD 59,000	-	100%	(56)	(1,151)	(1,151)	
	GES UK	UK	Investment company	NTD 2,747,371	NTD 2,747,371	89,133	100%	1,278,325	(13,480)	(13,480)	
	TSST	Malaysia	Solar related business	NTD 417,692	NTD 417,692	97,701	42.12%	80,840	4,769	2,009	Note 1
	V5 Technology	Taiwan	Electronic component manufacturing and selling	NTD 114,084	NTD 114,084	7,789	26.23%	58,451	(2,631)	(690)	Note 1
	Gintung	Taiwan	Electronic component manufacturing	NTD 34,341	NTD 34,341	13,460	36.38%	-	3,213	-	Note 1
	Shanshang	Taiwan	Solar related business	NTD 20,100	NTD 20,100	2,010	100%	17,011	(13)	(13)	
	United Intelligence	Taiwan	Electronic component	NTD 2,100	NTD 2,100	210	100%	580	-	-	
Solarbright	Taiwan	Solar related business	NTD 30,000	NTD 30,000	9,000	30%	91,120	(992)	(464)	Note 1	
UES	RES	Independent State of Samoa	Investment company	USD 64,406	USD 64,406	62,188	100%	909,968	14,959	-	Note 5
RES	Gintech Thailand	Thailand	Solar related business	USD 64,155	USD 64,155	20,920	100%	902,510	14,969	-	Note 5
GES UK	GES USA	US	Investment company	USD 61,530	USD 61,530	62,766	100%	991,680	(15,161)	-	Note 5
	NSP Germany	Germany	Solar related business	EUR 23	EUR 23	23	90%	676	(61)	-	Note 5
	GES CANADA	Canada	Investment company	USD 7,025	USD 7,025	5,540	100%	30,329	-	-	Note 5

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2023			Investee recognized		Note	
				March 31, 2023	December 31, 2022	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%	201,576	(1,498)	-	Note 5	
	MEGAFIVE	US	Solar related business	USD 635	USD 635	635	100%	18,634	(858)	-	Note 5	
	MEGASIX	US	Solar related business	USD 2,627	USD 2,627	2,627	100%	38,423	(236)	-	Note 5	
	MEGAEIGHT	US	Solar related business	USD 748	USD 748	748	100%	5,149	112	-	Note 5	
	MEGATWELVE	US	Solar related business	USD 168	USD 168	168	100%	468	(42)	-	Note 5	
	MEGATHIRTEEN	US	Solar related business	USD 2,000	USD 2,000	2,000	100%	60,729	177	-	Note 5	
	MEGASIXTEEN	US	Solar related business	USD 11,981	USD 11,981	11,981	100%	273,124	(10,125)	-	Note 5	
	MEGANINETEEN	US	Solar related business	USD 132	USD 132	132	100%	(2,542)	16	-	Note 5	
	MEGATWENTY	US	Solar related business	USD 124	USD 124	124	100%	2,908	81	-	Note 5	
	ASSET TWO	US	Solar related business	USD -	USD -	-	-	(374)	-	-	Note 3, 5	
	ASSET THREE	US	Solar related business	USD 2,839	USD 2,839	2,839	100%	19,655	2,123	-	Note 5	
	SH4	US	Solar related business	USD 539	USD 539	539	100%	9,456	27	-	Note 5	
	Schenectady	US	Solar related business	USD -	USD -	-	-	(22,103)	(59)	-	Note 3, 5	
	SEG	US	Solar related business	USD 800	USD 800	800	100%	12,711	(334)	-	Note 5	
	KINECT	US	Solar related business	USD 266	USD 266	266	100%	11,144	130	-	Note 5	
	TEV II	US	Solar related business	USD 200	USD 200	0.2	100%	(139,478)	(2,208)	-	Note 5	
	HEYWOOD	US	Solar related business	USD 1,770	USD 1,770	-	55%	44,090	(223)	-	Note 5	
	MEGA TWO	Munisol	Mexico	Solar related business	USD 18,810	USD 18,810	353,508	100%	552,383	(1,498)	-	Note 5
	ASSET THREE	SHIMA'S	US	Solar related business	USD 153	USD 153	153	100%	(1,298)	12	-	Note 5
		WAIMEA	US	Solar related business	USD 526	USD 526	526	100%	14,045	74	-	Note 5
	HONOKAWAI	US	Solar related business	USD 418	USD 418	418	100%	15,185	108	-	Note 5	
	ELEELE	US	Solar related business	USD 637	USD 637	637	100%	17,438	1,121	-	Note 5	
	HANAIEI	US	Solar related business	USD 280	USD 280	280	100%	1,550	(158)	-	Note 5	
	KAPAA	US	Solar related business	USD 761	USD 761	761	100%	15,225	(106)	-	Note 5	
	KOLOA	US	Solar related business	USD 569	USD 569	569	100%	11,881	1,092	-	Note 5	
MEGASIXTEEN	GES AC	US	Solar related business	USD 24,942	USD 24,942	0.1	67.59%	751,558	(6,853)	-	Note 4, 5	
GES AC	ANDERSON N.	US	Solar related business	USD 13,337	USD 13,337	13,337	100%	374,738	(2,517)	-	Note 4, 5	
	ANDERSON S.	US	Solar related business	USD 11,314	USD 11,314	11,314	100%	317,786	(2,192)	-	Note 4, 5	
	Flora	US	Solar related business	USD 1,915	USD 1,915	1,915	100%	54,985	(332)	-	Note 4, 5	
	Greenfield	US	Solar related business	USD 8,521	USD 8,521	8,521	100%	240,396	(1,602)	-	Note 4, 5	
	Spiceland	US	Solar related business	USD 1,275	USD 1,275	1,275	100%	36,285	(210)	-	Note 4, 5	
TEV II	TEV Solar	US	Solar related business	USD 100	USD 100	0.1	100%	2,708	(59)	-	Note 4, 5	
TEV Solar	AC GES Solar	US	Solar related business	USD 19,674	USD 19,674	0.1	66.19%	598,407	(5,871)	-	Note 4, 5	
AC GES Solar	Richmond	US	Solar related business	USD 18,909	USD 18,909	18,909	100%	564,096	(4,465)	-	Note 4, 5	
	Rensselaer	US	Solar related business	USD 9,733	USD 9,733	9,733	100%	293,542	(1,287)	-	Note 4, 5	
	Advance	US	Solar related business	USD 534	USD 534	534	100%	16,017	(60)	-	Note 4, 5	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2023			Investee recognized		Note
				March 31, 2023	December 31, 2022	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	125,200	100%	229,330	8,510	-	Note 5
	DelSolar US	US	Investment company	USD 24,800	USD 24,800	3	100%	42,143	(2,556)	-	Note 5
	NSP NEVADA	US	Solar related business	USD 5,125	USD 5,125	5,125	100%	43,073	141	-	Note 5
	URE NSP	US	Solar related business	USD 500	USD 500	500	100%	15,689	(4)	-	Note 5
NSP UK	NSP Indygen	UK	Solar related business	GBP -	GBP -	-	100%	14,726	-	-	Note 5
Utech	Jiangung	Taiwan	Solar related business	NTD 720,100	NTD 720,100	72,010	100%	751,186	(1,190)	(1,190)	Note 5
Jiangung	Yong Liang	Taiwan	Solar related business	NTD 720,000	NTD 720,000	72,000	74.30%	736,742	(1,577)	(1,172)	Note 5
NSP System	Hsin Jin Optoelectronics	Taiwan	Solar related business	NTD 10,647	NTD 10,647	-	80%	11,663	630	504	Note 5
	Hsin Jin Solar Energy	Taiwan	Solar related business	NTD 13,981	NTD 13,981	-	60%	15,785	1,691	1,014	Note 5
	Si Two	Taiwan	Solar related business	NTD 20,000	NTD 20,000	2,000	100%	15,917	619	619	Note 5
	Lianzhang	Taiwan	Solar related business	NTD 100	NTD 100	10	100%	(35,576)	(35,536)	(35,536)	Note 5
	Lianxi	Taiwan	Agriculture related business	NTD 100	NTD 100	10	100%	(12,455)	(53)	(53)	Note 5
	DelSolar HK	DelSolar Wu Jiang	China	Solar related business	USD 120,000	USD 120,000	-	100%	216,133	8,509	-
NSP NEVADA	HEYWOOD	US	Solar related business	USD 1,448	USD 1,448	-	45%	35,783	(223)	-	Note 5
	Industrial Park	US	Solar related business	USD 3,100	USD 3,100	-	100%	31,215	(246)	-	Note 5
	Hillsboro	US	Solar related business	USD 1,862	USD 1,862	-	100%	22,805	487	-	Note 5
	DelSolar US	CFR	US	USD 14,370	USD 14,370	14,370	100%	137	-	-	Note 5, 6
	USD1	US	Solar related business	USD 3,582	USD 3,582	-	100%	134,349	-	-	Note 5
	JV2	US	Solar related business	USD 830	USD 830	-	67%	-	-	-	Note 1, 2, 5
	Beryl	US	Solar related business	USD -	USD -	-	100%	(164,674)	(2,537)	-	Note 5
USD1	DevCo One	US	Solar related business	USD 444	USD 444	-	40%	1,830	-	-	Note 1, 5
	DevCo Two	US	Solar related business	USD 444	USD 444	-	40%	1,830	-	-	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 March 31, 2023, the company is in the process of liquidation and dissolution.

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
 INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 FOR THE THREE MONTHS ENDED March 31, 2023

TABLE 6

(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, 2023	Investment flows		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outflow	Inflow						
DelSolar Wu Jiang	Solar related business	USD 120,000 \$ 3,651,000	Note 1	USD 120,000 \$ 3,651,000	-	-	USD 120,000 \$ 3,651,000	8,509	100%	8,509	216,133	-
NSP Nanchang	Solar related business	USD 0 \$ -	Note 1	USD 5,000 \$ 152,125	-	-	USD 5,000 \$ 152,125	-	-	-	-	-

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2023 (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 4,364,466	USD 149,618 4,552,128	9,912,487

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 March 31, 2023.

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 March 31, 2023.