

**ADVANCED LITHIUM  
ELECTROCHEMISTRY (CAYMAN) CO.,  
LTD. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
SEPTEMBER 30, 2024 AND 2023**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR24000183

To the Board of Directors and Shareholders of Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries as at September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these 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" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### ***Scope of review***

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" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## ***Conclusion***

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 Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries as at September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, Interim Financial Reporting that came into effect as endorsed by the Financial Supervisory Commission.

Wu, Wei-Hao

Li, Yen-Na

For and on Behalf of PricewaterhouseCoopers, Taiwan

November 8, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	September 30, 2024	December 31, 2023	September 30, 2023
<b>Current assets</b>				
1100	Cash and cash equivalents	6(1) \$ 107,948	\$ 383,301	\$ 600,799
1110	Current financial assets at fair value through profit or loss	6(2) 33,645	-	-
1136	Current financial assets at amortised cost, net	6(1) and 8 26,474	54,653	59,628
1140	Current contract assets	6(17) 59,853	43,437	27,775
1170	Accounts receivable, net	6(3) 33,686	31,950	58,973
1180	Accounts receivable - related parties	6(3) and 7 -	-	-
1200	Other receivables	5,905	54	4,839
1210	Other receivables - related parties	7 -	-	-
1220	Current income tax assets	331	287	240
130X	Inventory	6(4) 153,414	153,273	148,177
1410	Prepayments	6(5) 46,202	50,371	51,444
1470	Other current assets	2,477	9,100	12,312
11XX	<b>Total current assets</b>	<u>469,935</u>	<u>726,426</u>	<u>964,187</u>
<b>Non-current assets</b>				
1535	Non-current financial assets at amortised cost, net	6(1) and 8 -	-	20,061
1600	Property, plant and equipment	6(6) and 8 498,563	492,537	490,793
1755	Right-of-use assets	6(7) 250	1,377	1,752
1780	Intangible assets	3,408	3,012	1,160
1840	Deferred income tax assets	13,465	13,465	13,465
1900	Other non-current assets	6(8), 7 and 8 <u>100,355</u>	<u>77,401</u>	<u>76,286</u>
15XX	<b>Total non-current assets</b>	<u>616,041</u>	<u>587,792</u>	<u>603,517</u>
1XXX	<b>Total assets</b>	<u>\$ 1,085,976</u>	<u>\$ 1,314,218</u>	<u>\$ 1,567,704</u>

(Continued)

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	September 30, 2024	December 31, 2023	September 30, 2023
<b>Current liabilities</b>				
2100	Short-term borrowings	6(9) \$ 200,000	\$ 220,000	\$ 277,000
2130	Current contract liabilities	6(17) 39,655	27,572	22,159
2170	Accounts payable	55,984	72,102	54,642
2200	Other payables	6(10) 169,773	182,083	164,928
2250	Provisions for liabilities - current	34,818	34,818	34,818
2280	Current lease liabilities	6(7) 250	1,377	1,502
2320	Long-term liabilities, current portion	5,000	-	15,949
2365	Current refund liabilities	-	6,859	11,819
2399	Other current liabilities	13,066	13,281	12,965
21XX	<b>Total current liabilities</b>	<u>518,546</u>	<u>558,092</u>	<u>595,782</u>
<b>Non-current liabilities</b>				
2540	Long-term borrowings	6(11) 14,584	-	101,253
2580	Non-current lease liabilities	6(7) -	-	250
25XX	<b>Total non-current liabilities</b>	<u>14,584</u>	<u>-</u>	<u>101,503</u>
2XXX	<b>Total liabilities</b>	<u>533,130</u>	<u>558,092</u>	<u>697,285</u>
<b>Equity attributable to owners of parent</b>				
Share capital				
3110	Common stock	6(13) 680,000	830,000	830,000
Capital surplus				
3200	Capital surplus	6(14) 429,000	429,000	429,000
Accumulated deficit				
3350	Accumulated deficit	6(15) ( 583,456)	( 529,783)	( 412,840)
Other equity interest				
3400	Other equity interest	6(16) 27,302	26,909	24,259
31XX	<b>Equity attributable to owners of the parent</b>	<u>552,846</u>	<u>756,126</u>	<u>870,419</u>
3XXX	<b>Total equity</b>	<u>552,846</u>	<u>756,126</u>	<u>870,419</u>
Significant contingent liabilities and unrecognised contract commitments				
3X2X	<b>Total liabilities and equity</b>	<u>\$ 1,085,976</u>	<u>\$ 1,314,218</u>	<u>\$ 1,567,704</u>

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

**ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023**

(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

Items	Notes	Three months ended September 30		Nine months ended September 30		
		2024	2023	2024	2023	
4000	Operating revenue	6(17)	\$ 133,205	\$ 148,145	\$ 415,742	\$ 691,742
5000	Operating costs	6(4)(22)(23)	( 141,460)	( 229,312)	( 398,623)	( 759,969)
5950	Gross profit (loss) from operations		( 8,255)	( 81,167)	17,119	( 68,227)
	Operating expenses	6(22)(23)				
6100	Selling expenses		( 9,697)	( 5,181)	( 49,912)	( 42,778)
6200	Administrative expenses		( 39,602)	( 52,967)	( 109,283)	( 175,801)
6300	Research and development expenses		( 21,525)	( 15,300)	( 68,146)	( 44,736)
6450	Expected credit impairment gain	12(2)	3,535	-	2,606	-
6000	Total operating expenses		( 67,289)	( 73,448)	( 224,735)	( 263,315)
6900	Operating loss		( 75,544)	( 154,615)	( 207,616)	( 331,542)
	Non-operating income and expenses					
7100	Interest income	6(18)	184	163	1,470	1,355
7010	Other income	6(19)	3,690	87	4,095	923
7020	Other gains and losses	6(20)	7,054	223	3,110	( 2,011)
7050	Finance costs	6(21)	( 1,634)	( 12,477)	( 4,732)	( 19,283)
7000	Total non-operating income and expenses		9,294	( 12,004)	3,943	( 19,016)
7900	<b>Loss before income tax</b>		( 66,250)	( 166,619)	( 203,673)	( 350,558)
7950	Income tax expense	6(24)	-	-	-	( 51,855)
8200	<b>Loss for the period</b>		<u>(\$ 66,250)</u>	<u>(\$ 166,619)</u>	<u>(\$ 203,673)</u>	<u>(\$ 402,413)</u>
	<b>Other comprehensive income</b>	6(16)				
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations		<u>(\$ 165)</u>	<u>(\$ 2,102)</u>	<u>\$ 393</u>	<u>(\$ 157)</u>
8300	<b>Total other comprehensive income (loss) for the period</b>		<u>(\$ 165)</u>	<u>(\$ 2,102)</u>	<u>\$ 393</u>	<u>(\$ 157)</u>
8500	<b>Total comprehensive loss for the period</b>		<u>(\$ 66,415)</u>	<u>(\$ 168,721)</u>	<u>(\$ 203,280)</u>	<u>(\$ 402,570)</u>
	Loss attributable to:					
8610	Owners of parent		<u>(\$ 66,250)</u>	<u>(\$ 166,619)</u>	<u>(\$ 203,673)</u>	<u>(\$ 402,413)</u>
	Comprehensive loss attributable to:					
8710	Owners of parent		<u>(\$ 66,415)</u>	<u>(\$ 168,721)</u>	<u>(\$ 203,280)</u>	<u>(\$ 402,570)</u>
	Loss per share (in dollars)	6(25)				
9750	Basic loss per share		<u>(\$ 0.97)</u>	<u>(\$ 2.77)</u>	<u>(\$ 3.00)</u>	<u>(\$ 6.90)</u>

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

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent				Financial statements translation differences of foreign operations	Total equity
		Share capital - common stock	Additional paid-in capital	Others	Accumulated deficit		
<u>2023</u>							
Balance at January 1, 2023		\$ 700,000	\$ 500,257	\$ 14,787	(\$ 525,471)	\$ 24,416	\$ 713,989
Loss for the period		-	-	-	( 402,413)	-	( 402,413)
Other comprehensive loss for the period	6(16)	-	-	-	-	( 157)	( 157)
Total comprehensive loss for the period		-	-	-	( 402,413)	( 157)	( 402,570)
Issuance of shares	6(13)	130,000	429,000	-	-	-	559,000
Capital surplus used to offset against accumulated deficit		-	( 500,257)	( 14,787)	515,044	-	-
Balance at September 30, 2023		<u>\$ 830,000</u>	<u>\$ 429,000</u>	<u>\$ -</u>	<u>(\$ 412,840)</u>	<u>\$ 24,259</u>	<u>\$ 870,419</u>
<u>2024</u>							
Balance at January 1, 2024		\$ 830,000	\$ 429,000	\$ -	(\$ 529,783)	\$ 26,909	\$ 756,126
Loss for the period		-	-	-	( 203,673)	-	( 203,673)
Other comprehensive income for the period	6(16)	-	-	-	-	393	393
Total comprehensive income (loss) for the period		-	-	-	( 203,673)	393	( 203,280)
Capital reduction to offset against accumulated deficit	6(13)	( 150,000)	-	-	150,000	-	-
Balance at September 30, 2024		<u>\$ 680,000</u>	<u>\$ 429,000</u>	<u>\$ -</u>	<u>(\$ 583,456)</u>	<u>\$ 27,302</u>	<u>\$ 552,846</u>

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

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2024	2023
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Loss before tax		(\$ 203,673 )	(\$ 350,558 )
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment gain	12(2)	( 2,606 )	-
Depreciation (including right-of-use assets)	6(22)	44,280	44,375
Amortisation	6(22)	1,098	6,919
Net gain or loss on financial assets at fair value through profit or loss	6(20)	( 2,745 )	-
Interest expense	6(21)	4,732	19,283
Interest income	6(18)	( 1,470 )	( 1,355 )
Loss on disposal of property, plant and equipment	6(20)	6	-
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		( 30,900 )	-
Accounts receivable		( 1,736 )	10,931
Accounts receivable-related parties		2,606	-
Contract assets		( 16,416 )	( 27,775 )
Other receivables		( 5,851 )	( 4,839 )
Inventories		( 141 )	95,370
Prepayments		4,169	3,174
Other current assets		6,623	546
Changes in operating liabilities			
Contract liabilities		12,083	( 12,495 )
Accounts payable		( 16,118 )	5,794
Other payables		( 10,888 )	( 15,013 )
Refund liabilities		( 6,859 )	210
Other current liabilities		( 215 )	2,308
Cash outflow generated from operations		( 224,021 )	( 223,125 )
Interest received		1,470	1,355
Interest paid		( 4,734 )	( 14,561 )
Income tax paid		-	( 51,855 )
Net cash flows used in operating activities		( 227,285 )	( 288,186 )

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ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2024	2023
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost		(\$ 50,062 )	(\$ 69,015 )
Proceeds from disposal of financial assets at amortised cost		78,241	73,811
Acquisition of property, plant and equipment	6(26)	( 50,634 )	( 46,767 )
Proceeds from disposal of property, plant and equipment		29	-
Acquisition of intangible assets		( 1,494 )	( 737 )
Increase in refundable deposits		( 652 )	( 471 )
Decrease in refundable deposits		140	351
Increase in other non-current assets		( 22,441 )	( 2,094 )
Net cash flows used in investing activities		( 46,873 )	( 44,922 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings		200,000	436,357
Decrease in short-term borrowings		( 220,000 )	( 285,173 )
Increase in long-term borrowings		20,000	-
Decrease in long-term borrowings		( 416 )	( 11,561 )
Payment of lease liabilities	6(27)	( 1,127 )	( 1,127 )
Proceeds from issuance of shares	6(13)	-	559,000
Net cash flows (used in) from financing activities		( 1,543 )	697,496
Effect of changes in foreign currency exchange		348	1,016
Net (decrease) increase in cash and cash equivalents		( 275,353 )	365,404
Cash and cash equivalents at beginning of period		383,301	235,395
Cash and cash equivalents at end of period		\$ 107,948	\$ 600,799

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

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. (the “Company”)

The Company was established in Cayman Islands on November 16, 2007. The Company and its subsidiaries (collectively referred herein as the “Group”) are mainly engaged in the research, manufacture and sales of materials for Lithium Iron Phosphate Nano Co-crystalline Olivine (LFP-NCO) and key materials of Olivine-type structure lithium battery.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on November 8, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS<sup>®</sup>”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and became effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

## (2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

Financial assets (including derivative instruments) at fair value through profit or loss.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

## (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of these consolidated financial statements is consistent with that for the year ended December 31, 2023.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Remark
			September 30, 2024	December 31, 2023	September 30, 2023	
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Advanced Lithium Electrochemistry Co., Ltd.	Research, manufacturing and sales of LFP-NCO and key materials of olivine-type structure lithium battery	100	100	100	
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Aleees Eco Ark Co., Ltd.	Manufacturing and distribution of batteries, cars and peripherals	100	100	100	Note 1
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Advanced Lithium Electrochemistry (HK) Co., Ltd.	Investment holdings	100	100	100	
Advanced Lithium Electrochemistry (HK) Co., Ltd.	Advanced Lithium Electrochemistry (China Shanghai) Ltd.	Research and development, trading	100	100	100	
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Aleees US, Corp.	Investment holdings	100	100	100	
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Aleees India Technology Private Limited	Overseas clients developing and services of cathode materials for lithium-ion batteries	0.01	0.01	-	Note 2
Aleees US, Corp.	Aleees AU Pty. Ltd.	Overseas clients developing and services of cathode materials for lithium-ion batteries	100	100	100	
Aleees US, Corp.	Aleees Texas, LLC	Overseas clients developing and services of cathode materials for lithium-ion batteries	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Remark
			September 30, 2024	December 31, 2023	September 30, 2023	
Aleees US, Corp.	Aleees EU SARL	Overseas clients developing and services of cathode materials for lithium-ion batteries	100	100	100	
Aleees US, Corp.	Aleees UK, Ltd.	Overseas clients developing and services of cathode materials for lithium-ion batteries	100	100	100	
Aleees US, Corp.	Aleees India Technology Private Limited	Overseas clients developing and services of cathode materials for lithium-ion batteries	99.99	99.99	-	Note 2

Note 1: The Board of Directors during its meeting on December 28, 2018 resolved that the date of dissolution of the subsidiary, Aleees Eco Ark Co., Ltd., was on December 31, 2018 and the liquidation will start on January 8, 2019.

Note 2: The registration of Aleees India Technology Private Limited was completed on November 28, 2023, and the Group held a 100% equity interest in Aleees India Technology Private Limited.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(5) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(6) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant changes as of September 30, 2024. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Demand deposits and checking accounts	\$ 87,948	\$ 248,637	\$ 600,799
Time deposits	20,000	134,664	-
	<u>\$ 107,948</u>	<u>\$ 383,301</u>	<u>\$ 600,799</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at the balance sheet date is the carrying amount of all cash and cash equivalents.

B. As at September 30, 2024, December 31, 2023 and September 30, 2023, the Group's time deposits maturing over three months amounted to \$0, \$25,000 and \$0, respectively, and were classified as current financial assets at amortised cost.

C. As at September 30, 2024, December 31, 2023 and September 30, 2023, the Group's cash and cash equivalents pledged to others as collateral amounted to \$26,474, \$29,653 and \$79,689, respectively, and were classified as financial assets at amortised cost. The information on collateral is provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Open-end fund	\$ 30,900	\$ -	\$ -
Valuation adjustment	2,745	-	-
	<u>\$ 33,645</u>	<u>\$ -</u>	<u>\$ -</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Three months ended September 30, 2024	Three months ended September 30, 2023
Financial assets mandatorily measured at fair value through profit or loss Open-end fund-valuation	\$ <u>690</u>	\$ <u>-</u>
	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Financial assets mandatorily measured at fair value through profit or loss Open-end fund-valuation	\$ <u>2,745</u>	\$ <u>-</u>

B. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable – third parties	\$ 50,770	\$ 49,034	\$ 76,057
Accounts receivable – related parties	<u>82,839</u>	<u>91,108</u>	<u>91,108</u>
	133,609	140,142	167,165
Less: Allowance for bad debts	( <u>99,923</u> )	( <u>108,192</u> )	( <u>108,192</u> )
	<u>\$ 33,686</u>	<u>\$ 31,950</u>	<u>\$ 58,973</u>

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Not past due	\$ 31,243	\$ 30,917	\$ 57,840
Up to 30 days	2,156	-	1,133
31 to 90 days	287	154	-
91 to 180 days	-	879	-
Over 180 days	<u>99,923</u>	<u>108,192</u>	<u>108,192</u>
	<u>\$ 133,609</u>	<u>\$ 140,142</u>	<u>\$ 167,165</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2024, December 31, 2023 and September 30, 2023, accounts receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$180,958.

C. For the nine months ended September 30, 2024 and 2023, no interest income was recognised in profit or loss for both periods.

D. The Group has no notes and accounts receivable pledged to others as collateral.

E. As at September 30, 2024, December 31, 2023 and September 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes receivable and accounts receivable held by the Group was the book value.

F. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	September 30, 2024		
	Allowance for value		
	Cost	decline and obsolescence	Book value
Raw materials	\$ 30,843	(\$ 10,869)	\$ 19,974
Work in progress	1,465	( 400)	1,065
Semi-finished goods	58,470	( 40,110)	18,360
Finished goods	127,840	( 13,825)	114,015
	<u>\$ 218,618</u>	<u>(\$ 65,204)</u>	<u>\$ 153,414</u>
	December 31, 2023		
	Allowance for value		
	Cost	decline and obsolescence	Book value
Raw materials	\$ 22,946	(\$ 4,527)	\$ 18,419
Work in progress	8,098	-	8,098
Semi-finished goods	45,868	( 12,389)	33,479
Finished goods	108,097	( 14,820)	93,277
	<u>\$ 185,009</u>	<u>(\$ 31,736)</u>	<u>\$ 153,273</u>
	September 30, 2023		
	Allowance for value		
	Cost	decline and obsolescence	Book value
Raw materials	\$ 82,182	(\$ 6,952)	\$ 75,230
Work in progress	4,474	( 543)	3,931
Semi-finished goods	31,845	( 14,282)	17,563
Finished goods	77,152	( 25,699)	51,453
	<u>\$ 195,653</u>	<u>(\$ 47,476)</u>	<u>\$ 148,177</u>

Expenses and losses incurred on inventories for the period:

	Three months ended September 30,	
	2024	2023
Cost of inventories sold	\$ 72,575	\$ 170,565
Cost of services	2,090	7,956
Loss on decline in market value	32,411	19,260
Loss on scrapping inventory	4,878	-
Unallocated fixed overhead cost	29,506	31,531
	<u>\$ 141,460</u>	<u>\$ 229,312</u>



	Nine months ended September 30,	
	2024	2023
Cost of inventories sold	\$ 282,026	\$ 640,934
Cost of services	14,733	16,227
Loss on decline in market value	33,468	5,388
Loss on scrapping inventory	8,473	23,474
Unallocated fixed overhead cost	59,923	73,946
	<u>\$ 398,623</u>	<u>\$ 759,969</u>

(5) Prepayments

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Prepayment for purchases	\$ 5,695	\$ 6,018	\$ 8,727
Overpaid sales tax	33,654	34,363	33,938
Others	6,853	9,990	8,779
	<u>\$ 46,202</u>	<u>\$ 50,371</u>	<u>\$ 51,444</u>

(6) Property, plant and equipment

	2024								
	Land	Buildings and structures	Machinery equipment	Testing equipment	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2024</u>									
Cost	\$ 147,910	\$ 195,366	\$ 668,450	\$ 139,934	\$ 1,572	\$ 510	\$ 328,719	\$ 3,258	\$ 1,485,719
Accumulated depreciation and impairment	-	( 86,994)	( 588,152)	( 89,287)	( 1,541)	( 510)	( 226,698)	-	( 993,182)
	<u>\$ 147,910</u>	<u>\$ 108,372</u>	<u>\$ 80,298</u>	<u>\$ 50,647</u>	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ 102,021</u>	<u>\$ 3,258</u>	<u>\$ 492,537</u>
<u>2024</u>									
Opening net book amount as at January 1	\$ 147,910	\$ 108,372	\$ 80,298	\$ 50,647	\$ 31	\$ -	\$ 102,021	\$ 3,258	\$ 492,537
Additions	-	4,509	26,608	770	19	-	3,741	13,567	49,214
Disposals	-	-	-	-	-	-	( 35)	-	( 35)
Transfers	-	-	3,258	-	-	-	-	( 3,258)	-
Depreciation charge	-	( 4,908)	( 12,536)	( 6,798)	( 29)	-	( 18,882)	-	( 43,153)
Closing net book amount as at September 30	<u>\$ 147,910</u>	<u>\$ 107,973</u>	<u>\$ 97,628</u>	<u>\$ 44,619</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 86,845</u>	<u>\$ 13,567</u>	<u>\$ 498,563</u>
<u>At September 30, 2024</u>									
Cost	\$ 147,910	\$ 199,875	\$ 697,476	\$ 140,908	\$ 1,590	\$ 510	\$ 332,034	\$ 13,567	\$ 1,533,870
Accumulated depreciation and impairment	-	( 91,902)	( 599,848)	( 96,289)	( 1,569)	( 510)	( 245,189)	-	( 1,035,307)
	<u>\$ 147,910</u>	<u>\$ 107,973</u>	<u>\$ 97,628</u>	<u>\$ 44,619</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 86,845</u>	<u>\$ 13,567</u>	<u>\$ 498,563</u>

2023

	Land	Buildings and structures	Machinery equipment	Testing equipment	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2023</u>									
Cost	\$ 147,910	\$ 195,366	\$ 643,623	\$ 107,529	\$ 1,573	\$ 510	\$ 313,565	\$ 28,015	\$ 1,438,091
Accumulated depreciation and impairment	-	( 80,459)	( 572,155)	( 81,590)	( 1,374)	( 510)	( 202,328)	-	( 938,416)
	<u>\$ 147,910</u>	<u>\$ 114,907</u>	<u>\$ 71,468</u>	<u>\$ 25,939</u>	<u>\$ 199</u>	<u>\$ -</u>	<u>\$ 111,237</u>	<u>\$ 28,015</u>	<u>\$ 499,675</u>
<u>2023</u>									
Opening net book amount as at January 1	\$ 147,910	\$ 114,907	\$ 71,468	\$ 25,939	\$ 199	\$ -	\$ 111,237	\$ 28,015	\$ 499,675
Additions	-	-	14,450	6,065	-	-	9,329	4,522	34,366
Transfers	-	-	-	21,503	-	-	1,696	( 23,199)	-
Depreciation charge	-	( 4,909)	( 12,927)	( 6,074)	( 126)	-	( 19,212)	-	( 43,248)
Closing net book amount as at September 30	<u>\$ 147,910</u>	<u>\$ 109,998</u>	<u>\$ 72,991</u>	<u>\$ 47,433</u>	<u>\$ 73</u>	<u>\$ -</u>	<u>\$ 103,050</u>	<u>\$ 9,338</u>	<u>\$ 490,793</u>
<u>At September 30, 2023</u>									
Cost	\$ 147,910	\$ 195,366	\$ 657,869	\$ 135,018	\$ 1,572	\$ 510	\$ 323,887	\$ 9,338	\$ 1,471,470
Accumulated depreciation and impairment	-	( 85,368)	( 584,878)	( 87,585)	( 1,499)	( 510)	( 220,837)	-	( 980,677)
	<u>\$ 147,910</u>	<u>\$ 109,998</u>	<u>\$ 72,991</u>	<u>\$ 47,433</u>	<u>\$ 73</u>	<u>\$ -</u>	<u>\$ 103,050</u>	<u>\$ 9,338</u>	<u>\$ 490,793</u>

A. No interest was capitalised to property, plant and equipment for the three months and nine months ended September 30, 2024 and 2023.

B. The Group's buildings and structures include buildings and improvements, piping and system construction which are depreciated over 25 years and 6 years, respectively.

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(7) Leasing arrangements — lessee

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The warehouses leased by the Group have lease terms which were not longer than 12 months.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 250</u>	<u>\$ 1,377</u>	<u>\$ 1,752</u>
		<u>Three months ended September 30,</u>	
		<u>2024</u>	<u>2023</u>
		<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings		<u>\$ 376</u>	<u>\$ 376</u>
		<u>Nine months ended September 30,</u>	
		<u>2024</u>	<u>2023</u>
		<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings		<u>\$ 1,127</u>	<u>\$ 1,127</u>

D. For the three months and nine months ended September 30, 2024 and 2023, there were no additions to right-of-use assets.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Expense on short-term lease contracts	<u>\$ 2,936</u>	<u>\$ 2,143</u>
Expense on leases of low-value assets	<u>\$ -</u>	<u>\$ 15</u>
	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Expense on short-term lease contracts	<u>\$ 8,131</u>	<u>\$ 7,455</u>
Expense on leases of low-value assets	<u>\$ -</u>	<u>\$ 15</u>

F. For the nine months ended September 30, 2024 and 2023, the Group's total cash outflow for leases were \$9,258 and \$8,597, respectively.

(8) Other non-current assets

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Prepayment for equipment	<u>\$ 35,480</u>	<u>\$ 13,039</u>	<u>\$ 11,957</u>
Guarantee deposits paid	<u>64,874</u>	<u>64,362</u>	<u>64,329</u>
	<u>\$ 100,354</u>	<u>\$ 77,401</u>	<u>\$ 76,286</u>

(9) Short-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			Property, plant and equipment
Secured borrowings	<u>\$ 200,000</u>	3.19%	

  

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			Current financial assets at amortised cost, net and Property, plant and equipment
Secured borrowings	<u>\$ 220,000</u>	2.10%~3.07%	

  

<u>Type of borrowings</u>	<u>September 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			Current financial assets at amortised cost, net and Property, plant and equipment
Secured borrowings	<u>\$ 277,000</u>	2.10%~6.90%	

For the three months and nine months ended September 30, 2024 and 2023, interest expense arising from short-term borrowings that were recognised in profit or loss amounted to \$1,596, \$2,479, \$4,694 and \$6,939, respectively.

(10) Other payables

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Wages and salaries payable	\$ 21,554	\$ 28,541	\$ 14,363
Professional services fees	4,657	4,126	6,866
Payables on equipment	10,707	12,127	3,356
Payables on consumables	8,078	7,411	6,669
Others	<u>124,777</u>	<u>129,878</u>	<u>133,674</u>
	<u>\$ 169,773</u>	<u>\$ 182,083</u>	<u>\$ 164,928</u>

(11) Long-term borrowings (December 31, 2023 : None.)

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>September 30, 2024</u>
The Shanghai Commercial & Savings Bank secured borrowings	Aug. 4, 2024 ~ Aug. 4, 2028, interest and principal payable monthly	2.22%	Current financial assets at amortised cost, net	\$ 19,584
Less: Current portion				( 5,000)
				<u>\$ 14,584</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>September 30, 2023</u>
Sunny Bank secured borrowings	Aug. 24, 2020 ~ Aug. 24, 2027, interest and principal payable monthly (Note)	3.75%	Property, plant and equipment	\$ 24,361
"	Aug. 24, 2020 ~ Aug. 24, 2035, interest and principal payable monthly (Note)	3.07%	"	57,696
"	Dec. 28, 2021 ~ Dec. 28, 2028, interest and principal payable monthly (Note)	5.09%	Property, plant and equipment and Non-current financial assets at amortised cost, net	35,145
				117,202
Less: Current portion				(15,949)
				<u>\$ 101,253</u>

Note: The borrowing was fully settled in December 2023.

Interest expense on the long-term borrowings recognised in profit or loss amounted to \$38, \$1,144, \$38 and \$3,490 for the three months and nine months ended September 30, 2024 and 2023, respectively.

#### (12) Pensions

- A. The Company and its domestic subsidiaries, Advanced Lithium Electrochemistry Co., Ltd. and Aleees Eco Ark Co., Ltd., have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. The Company's Mainland China subsidiary, Advanced Lithium Electrochemistry (China Shanghai) Co., Ltd., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on 21% of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- C. The pension contribution methods of the subsidiaries of the Company's subsidiaries, Aleees Texas, LLC and Aleees UK, Ltd., are not mandatorily required by local laws and regulations and vary according to the system of individual entity.
- D. The pension costs under the defined contribution pension plans of the Group for the three months and nine months ended September 30, 2024 and 2023 were \$1,960, \$1,971, \$6,197 and \$5,705, respectively.

(13) Share capital

- A. As of September 30, 2024, the Company's authorised capital was \$3,000,000, consisting of 300,000 thousand shares of ordinary stock, and the paid-in capital was \$680,000 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. Movements in the number of the Company's ordinary shares outstanding are as follows (in shares):

	<u>2024</u>	<u>2023</u>
Options outstanding at January 1	83,000,000	70,000,000
Cash capital increase	-	13,000,000
Capital reduction to cover the deficit	( 15,000,000)	-
Options outstanding at September 30	<u>68,000,000</u>	<u>83,000,000</u>

- C. As resolved by the shareholders during their meeting on June 27, 2016, the Company planned to privately issue 46,000 thousand shares (7,605 thousand shares after capital reduction) with par value of \$10 per share. On August 23, 2016, the Board of Directors approved the price of private placement at \$35. The rights and obligations afforded by the ordinary shares in the private placement are the same with issued shares except that the shares in the private placement are not allowed to be traded freely within three years after delivery pursuant to Article 43-8 of Securities and Exchange Act. Refer to Note 9(1)B for details.
- D. On March 10, 2023, the Board of Directors during its meeting resolved to increase its capital by issuing 13,000 thousand new shares with a par value of NT\$10 (in dollars) per share, which was approved by the FSC on July 27, 2023. The issuance price was NT\$43 (in dollars) per share, and the capital increase was completed in September 2023.
- E. Aiming to bolster competitiveness, the Company plans to raise additional cash through private placement for future business development, indirect investment and operating needs as resolved by the Board of Directors during its meeting on April 11, 2024. The maximum number of shares to be issued through the private placement is 40,000 thousand shares. As of November 8, 2024, the capital increase has not yet been approved by the shareholders.
- F. As resolved by the shareholders during their meeting on June 28, 2024, the Company reduced its capital to offset against the accumulated deficit with 15,000 thousand shares, and the ratio of capital reduction was 18.0722892%. The capital reduction was completed in September 2024.

(14) Capital surplus

The Board of Directors exercises its authority accordingly when appropriating net income, for which provision is appropriated to be paid for contingencies and commitments, dividends, operations, investments or other purposes.

(15) Retained earnings (accumulated deficit)

A. Under the Company's Articles of Incorporation, the Company shall appropriate net income in accordance with the appropriation plan proposed by the Board of Directors and approved at the stockholders' meeting. The Board of Directors shall propose the appropriation of net income in conformity with the following:

- (a) Pay all taxes;
- (b) The current year's earnings are to offset prior years' operating losses;
- (c) 10% of the remaining amount shall be set aside as legal reserve, until the legal reserve equals the total capital stock balance;
- (d) Set aside as special reserve in accordance with regulations governing listed companies or requests of the competent authority;
- (e) After setting aside in accordance with (a) through (c) stated above, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

The Board of Directors should determine the percentage for directors', supervisors' and employees' bonus when appropriating net income. However, stockholders can recommend the percentage during resolution. Any remaining profit is for dividend appropriation. The Company is at the early stage of industrial development, and enterprise life cycle is at the growing stage. In order to respond to future operating expansion plans, along with maintaining dividend balance and stockholders' return, the dividend policy is to appropriate through cash or new share issuance or through both or as bonus. The Board of Directors is authorized to determine actual appropriation percentage in accordance with the Company's Articles of Incorporation and regulations governing publicly listed companies, and takes into consideration the financials, business and operations. However, dividend appropriation should not be less than 10% of the remaining profit and cash dividends should not be less than 10% of the total dividends.

B. The Company has incurred operating losses for the years ended December 31, 2023 and 2022, and thus had no earnings for distribution.

(16) Other equity items

	<u>2024</u>
	<u>Currency translation</u>
At January 1	\$ 26,909
Foreign currency translation - Group	393
At September 30	<u>\$ 27,302</u>



	<u>2023</u>
	Currency translation
At January 1	\$ 24,416
Foreign currency translation - Group	( 157)
At September 30	<u>\$ 24,259</u>

(17) Operating revenue

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers	<u>\$ 133,205</u>	<u>\$ 148,145</u>
	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers	<u>\$ 415,742</u>	<u>\$ 691,742</u>

A. The Group derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

<u>Three months ended September 30, 2024</u>	<u>China</u>	<u>Other Asia Countries</u>	<u>Europe</u>	<u>All other segments</u>	<u>Total</u>
Timing of revenue recognition					
At a point in time					
Cathode Material revenue	\$ 2,232	\$ 109,847	\$ 19,163	\$ 1,058	\$ 132,300
Licensing Engagement revenue	-	-	-	-	-
Others	-	-	-	421	421
	<u>2,232</u>	<u>109,847</u>	<u>19,163</u>	<u>1,479</u>	<u>132,721</u>
Over time					
Consulting services	-	-	484	-	484
	<u>\$ 2,232</u>	<u>\$ 109,847</u>	<u>\$ 19,647</u>	<u>\$ 1,479</u>	<u>\$ 133,205</u>
<u>Three months ended September 30, 2023</u>	<u>China</u>	<u>Other Asia Countries</u>	<u>Europe</u>	<u>All other segments</u>	<u>Total</u>
Timing of revenue recognition					
At a point in time					
Cathode Material revenue	\$ 18,216	\$ 100,595	\$ 13,182	\$ 625	\$ 132,618
Licensing Engagement revenue	-	-	-	-	-
Others	-	-	-	-	-
	<u>18,216</u>	<u>100,595</u>	<u>13,182</u>	<u>625</u>	<u>132,618</u>
Over time					
Consulting services	-	-	5,675	9,852	15,527
	<u>\$ 18,216</u>	<u>\$ 100,595</u>	<u>\$ 18,857</u>	<u>\$ 10,477</u>	<u>\$ 148,145</u>

	China	Other Asia Countries	Europe	All other segments	Total
<u>Nine months ended September 30, 2024</u>					
Timing of revenue recognition					
At a point in time					
Battery power	\$ 21,267	\$ 266,557	\$107,741	\$ 2,915	\$398,480
Technology licencing	-	-	-	-	-
Others	-	-	-	846	846
	<u>21,267</u>	<u>266,557</u>	<u>107,741</u>	<u>3,761</u>	<u>399,326</u>
Over time					
Consulting services	-	-	6,614	9,802	16,416
	<u>\$ 21,267</u>	<u>\$ 266,557</u>	<u>\$114,355</u>	<u>\$ 13,563</u>	<u>\$415,742</u>
<u>Nine months ended September 30, 2023</u>					
Timing of revenue recognition					
At a point in time					
Battery power	\$156,946	\$ 334,420	\$ 77,952	\$ 6,417	\$575,735
Technology licencing	-	-	-	91,290	91,290
Others	-	-	-	-	-
	<u>156,946</u>	<u>334,420</u>	<u>77,952</u>	<u>97,707</u>	<u>667,025</u>
Over time					
Consulting services	-	-	11,185	13,532	24,717
	<u>\$156,946</u>	<u>\$ 334,420</u>	<u>\$ 89,137</u>	<u>\$111,239</u>	<u>\$691,742</u>

#### B.Contract assets and liabilities

(a)The Group has recognised the following revenue-related contract liabilities:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>	<u>January 1, 2023</u>
Contract assets- licence contract	\$ 59,853	\$ 43,437	\$ 27,775	\$ -
Contract liabilities- product sales contract	\$ 39,655	\$ 27,572	\$ 22,159	\$ 34,654

(b)Revenue recognised that was included in the contract liability balance at the beginning of the period:

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Product sales contract	\$ -	\$ -
	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Product sales contract	\$ 11,587	\$ 34,275

(18) Interest income

	Three months ended September 30,	
	2024	2023
Bank deposit interest	\$ 184	\$ 163
	Nine months ended September 30,	
	2024	2023
Bank deposit interest	\$ 1,470	\$ 1,355

(19) Other income

	Three months ended September 30,	
	2024	2023
Government grants (Note)	\$ 4	\$ 67
Other income	3,686	20
	\$ 3,690	\$ 87
	Nine months ended September 30,	
	2024	2023
Government grants (Note)	\$ 138	\$ 864
Other income	3,957	59
	\$ 4,095	\$ 923

Note: Since the Group is entitled to the related subsidy regulations of the Ministry of Labor, the Group received government grant for operating expenses.

(20) Other gains and losses

	Three months ended September 30,	
	2024	2023
Loss on disposals of property, plant and equipment	(\$ 8)	\$ -
Foreign exchange gain	2,865	229
Gain on financial assets at fair value through profit or loss	690	-
Other gains (losses)	3,507	( 6)
	\$ 7,054	\$ 223
	Nine months ended September 30,	
	2024	2023
Loss on disposals of property, plant and equipment	(\$ 6)	\$ -
Foreign exchange gain (loss)	533	( 1,999)
Gain on financial assets at fair value through profit or loss	2,745	-
Other losses	( 162)	( 12)
	\$ 3,110	(\$ 2,011)

(21) Finance costs

	Three months ended September 30,	
	2024	2023
Bank borrowing interest	\$ 1,634	\$ 3,623
Other interest expense	-	8,854
	<u>\$ 1,634</u>	<u>\$ 12,477</u>
	Nine months ended September 30,	
	2024	2023
Bank borrowing interest	\$ 4,732	\$ 10,429
Other interest expense	-	8,854
	<u>\$ 4,732</u>	<u>\$ 19,283</u>

(22) Expenses by nature

	Three months ended September 30,	
	2024	2023
Employee benefit expense	\$ 48,316	\$ 57,467
Depreciation charges on property, plant and equipment	14,678	13,649
Depreciation charges on right-of-use assets	376	376
Amortisation charges on intangible assets	408	183
	Nine months ended September 30,	
	2024	2023
Employee benefit expense	\$ 171,957	\$ 178,739
Depreciation charges on property, plant and equipment	43,153	43,248
Depreciation charges on right-of-use assets	1,127	1,127
Amortisation charges on intangible assets	1,098	6,919

(23) Employee benefit expense

	Three months ended September 30,	
	2024	2023
Wages and salaries	\$ 41,355	\$ 49,165
Labour and health insurance fees	3,131	4,508
Pension costs	1,960	1,971
Other personnel expenses	1,870	1,823
	<u>\$ 48,316</u>	<u>\$ 57,467</u>

	Nine months ended September 30,	
	2024	2023
Wages and salaries	\$ 146,130	\$ 154,091
Labour and health insurance fees	11,696	12,822
Pension costs	6,197	5,705
Other personnel expenses	7,934	6,121
	<u>\$ 171,957</u>	<u>\$ 178,739</u>

- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1% to 10% for employees' compensation and shall not be higher than 1% for directors' remuneration.
- B. The Company had an accumulated deficit as of September 30, 2024 and 2023, thus, the Company did not recognise employees' compensation and directors' and supervisors' remuneration.
- C. Information about the appropriation of employees' compensation and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ -	\$ -
Prior year income tax overestimation	-	-
Others	-	-
Total current tax:	<u>\$ -</u>	<u>\$ -</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>\$ -</u>	<u>\$ -</u>
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

	Nine months ended September 30,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ -	\$ -
Prior year income tax underestimation	-	24,468
Others	-	27,387
Total current tax:	<u>\$ -</u>	<u>\$ 51,855</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>\$ -</u>	<u>\$ -</u>
Income tax expense	<u>\$ -</u>	<u>\$ 51,855</u>

(b) The income tax charge/(credit) relating to components of other comprehensive income is as follows: None.

(c) The income tax charged/(credited) to equity during the period is as follows: None.

B. The income tax returns of Aleees Eco Ark Co., Ltd. through 2018 have been assessed and approved by the Tax Authority.

C. The income tax returns of Advanced Lithium Electrochemistry Co. through 2022 have been assessed and approved by the Tax Authority.

(25) Loss per share

	Three months ended September 30, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 66,250)	<u>68,000</u>	(\$ 0.97)
		Three months ended September 30, 2023	
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 166,619)	<u>60,244</u>	(\$ 2.77)

	Nine months ended September 30, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 203,673)	68,000	(\$ 3.00)

	Nine months ended September 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 402,413)	58,325	(\$ 6.90)

Note: For the three months and nine months ended September 30, 2024 and 2023, the weighted average number of outstanding shares was retrospectively adjusted by 18.0722892% which is the ratio of capital reduction to offset against accumulated deficit in August 2024.

(26) Supplemental cash flow information

Investing activities with partial cash payments:

	Nine months ended September 30,	
	2024	2023
Purchase of property, plant and equipment	\$ 49,214	\$ 34,366
Add: Opening balance of payable on equipment	12,127	15,757
Less: Ending balance of payable on equipment	( 10,707)	( 3,356)
Cash paid during the period	\$ 50,634	\$ 46,767

(27) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities
At January 1, 2024	\$ 220,000	\$ -	\$ 1,377
Changes in cash flow from financing activities	( 20,000)	19,584	( 1,127)
Changes in other non-cash items	-	-	-
At September 30, 2024	\$ 200,000	\$ 19,584	\$ 250

	<u>Short-term borrowings</u>	<u>Long-term borrowings (including current portion)</u>	<u>Lease liabilities</u>
At January 1, 2023	\$ 124,568	\$ 128,763	\$ 4,505
Changes in cash flow from financing activities	151,184 (	11,561) (	1,127)
Changes in other non-cash items	<u>1,248</u>	<u>-</u>	<u>( 1,626)</u>
At September 30, 2023	<u>\$ 277,000</u>	<u>\$ 117,202</u>	<u>\$ 1,752</u>

## 7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party: None.

(2) Names of related parties and relationship:

<u>Names of related parties</u>	<u>Relationship with the Group</u>
FDG Electric Vehicles Limited	Other related party
FDG Kinetic Limited	Other related party
FDG Investment Holdings Limited	Other related party
Tianjin Sinopoly New Energy Technology Co., Ltd.	Other related party
Jillin Sinopoly New Energy Technology Co., Ltd.	Other related party
Aleees Eco Ark (Ningbo) Ltd.	Other related party

(3) Significant related party transactions and balances:

A. Receivables from related parties:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts receivable:			
- Other related parties			
FDG Investment Holdings Limited	\$ 68,523	\$ 68,523	\$ 68,523
Tianjin Sinopoly New Energy Technology Co., Ltd.	14,316	14,316	14,316
Others	<u>-</u>	<u>8,269</u>	<u>8,269</u>
	82,839	91,108	91,108
Less: Allowance for bad debts			
FDG Investment Holdings Limited	( 68,523)	( 68,523)	( 68,523)
Tianjin Sinopoly New Energy Technology Co., Ltd.	( 14,316)	( 14,316)	( 14,316)
Others	<u>-</u>	<u>( 8,269)</u>	<u>( 8,269)</u>
	<u>( 82,839)</u>	<u>( 91,108)</u>	<u>( 91,108)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Other receivables:			
- Other related parties			
Aleees Eco Ark (Ningbo) Ltd.	\$ 10,641	\$ 10,641	\$ 10,641
Less: Allowance for bad debts			
Aleees Eco Ark (Ningbo) Ltd.	( 10,641)	( 10,641)	( 10,641)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

B. Other non-current assets

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Long-term receivables			
- Other related party			
FDG Electric Vehicles Limited	\$ 1,126,688	\$ 1,126,688	\$ 1,126,688
Less: Allowance for bad debts			
FDG Electric Vehicles Limited	( 1,126,688)	( 1,126,688)	( 1,126,688)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- (a) On August 25, 2016, the Company invested in five-year unlisted convertible bonds with zero coupon rate issued by FDG Electric Vehicles Limited. The principal of the bond amounted to HK\$275,000,000 upon maturity with conversion price of HK\$0.5. Within 183 days after one year from the completion date of purchase (including the first and the last days), either disposal of such convertible bonds or trading of converted shares are restricted according to the purchase agreement.
- (b) The share consolidation implemented by FDG Electric Vehicles Limited was effective on September 5, 2019, thus, the conversion price of the Company's convertible bonds increased from HK\$0.5 to HK\$10.
- (c) On August 19, 2020, FDG Electric Vehicles Limited announced that its joint and several provisional liquidators had provided notice to former Board of Directors to terminate their position immediately in the HKEX. The joint and several provisional liquidators are fully responsible for the company's management since the appointment. Due to the aforementioned event, the Company will have the right to ask the company to pay the unpaid principal of the convertible bonds immediately in accordance with the terms of convertible bonds. On August 31, 2020, the Company issued an immediate repayment request to FDG Electric Vehicles Limited and appointed lawyers to handle subsequent legal matters. In addition, the Company had already carefully assessed the related information on financial condition of FDG Electric Vehicles Limited and its subsidiaries, and estimates its potential loss taking into consideration its financial ability and repayment terms.

(4) Key management compensation

	Three months ended September 30,	
	2024	2023
Salaries and other short-term employee benefits	\$ 2,826	\$ 1,920
Post-employment benefits	74	56
	<u>\$ 2,900</u>	<u>\$ 1,976</u>
	Nine months ended September 30,	
	2024	2023
Salaries and other short-term employee benefits	\$ 7,886	\$ 5,824
Post-employment benefits	225	128
	<u>\$ 8,111</u>	<u>\$ 5,952</u>

8. PLEGDED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value			Purpose
	September 30, 2024	December 31, 2023	September 30, 2023	
Bank deposits (shown as 'Current and Non-current financial assets at amortised cost, net')	\$ 26,474	\$ 29,653	\$ 79,689	Short-term and long-term borrowings, letters of credit, trust and pledge for customs
Refundable deposits paid (recognised in other non-current assets)	62,380	62,380	64,329	Asset preservation and pledge for customs
Property, plant and equipment	255,883	256,282	257,908	Short-term and long-term borrowings

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

A. On July 18, 2016, the Group's subsidiary, Aleees Eco Ark Co., Ltd. (hereafter referred as "Aleees") received a notice of civil charge issued by Hsinchu District Court No. 105-Zon-Su-Zi-147 and on April 6, 2017, received continued indictment (hereafter referred as "Zon-Su-Zi-147"). In addition to that, a bill of indictment issued by Hsinchu District Court No. 107-Zon-Su-Zi-216 (hereafter referred as "Zon-Su-Zi-216") was received by Aleees on October 31, 2018. The civil charges Zon-Su-Zi-147 and Zon-Su-Zi-216 were filed by Hsin Chu Bus Co., Ltd. claiming for compensation for the driver's fee totaling \$34,946 and \$51,030, respectively, plus interest at 5% per annum until the debt is repaid. In its verdict on Zon-Su-Zi-147 on September 11, 2018, the Hsinchu District Court stated that the accused, Aleees, shall compensate the complainant, Hsin Chu Bus Co., Ltd., for the driver's fee. In the Group's opinion, Aleees is not entirely accountable for the driver's fee, which involved the issue regarding land utilisation for recharging. As the Group believes that there was misinterpretation of the facts during the first trial, the Group has filed an appeal with

the Taiwan High Court (No. 107-Zon-Shang -Zi-a805 (hereafter referred as “Zon-Shang -Zi-805”)), which had been denied by the Taiwan High Court on June 27, 2019. The Group filed an appeal, and, on August 18, 2022, as stated in the judgement No.109-Tai-Shang-Zi-002292 of the Supreme Court, ‘the original judgment was rescinded and remanded back to the Taiwan High Court for retrial’ (No. 111-Zon-Shang-Geng-Yi-Zi-150 (Yu-Gu)). On November 29, 2023, the Taiwan High Court rendered a judgment to rescind the ruling whereby Aleees shall pay more than \$10,032, plus interest at 5% per annum from July 17, 2016 until the debt is repaid. The Group disagreed with the above remanded judgment and filed an appeal. The case had been transferred to the Supreme Court (No. 113-Tai-Shang-629). The ultimate outcome of the case cannot presently be determined. However, the Group has recognised the amount of possible losses after evaluation. The oral argument procedure for Zon-Su-Zi-216 was originally set on January 24, 2019 but the argument for the case is the same as that for the aforementioned retrial of Taiwan High Court (No. 113-Tai-Shang-629), Aleees is not entirely accountable for the driver’s fee. In order to avoid the differences in the judgments between two cases, the court decided to cease the appeal procedures for Zon-Su-Zi-216 on January 22, 2019. As of the report date, the effect to the Group cannot be estimated.

The land utilisation for recharging was recognised as illegal use by the government authority and Aleees believes it cannot provide recharge service due to the problem of land use right. The problem was caused by Hsinchu City Government handing over the land to Hsin Chu Bus Co., Ltd. which then commissioned Aleees to provide recharge service. However, Aleees was mandatorily asked to demolish any structures built on the land and recover the land, causing damages to Aleees. Thus, on July 6, 2017, Aleees filed for state compensation with the Hsinchu District Court against Hsinchu City Government, seeking for \$10,000 as compensation, and retained the right of claim for the remaining amount. The case is under trial with the Hsinchu District Court (No.106-Zon-Guo-Zi-2) and in order to avoid the differences in the judgments between the case and the aforementioned retrial of Taiwan High Court (No. 113-Tai-Shang-629), the court decided to cease the appeal procedures for No.106-Zon-Guo-Zi-2 on October 24, 2018. As of November 8, 2024, the ultimate outcome of the case cannot presently be determined.

- B. The Company and FDG Electric Vehicles (Group) Co., Ltd. (hereinafter referred to as “FDG Electric Vehicles Limited”) established a long-term cooperative relationship, whereby both parties made investment in each other to achieve capital cooperation of strategic alliance during the year ended December 31, 2016. In August 2020, the Company asked FDG Electric Vehicles Limited to early repay the convertible corporate bonds, but FDG Electric Vehicles Limited did not repay the bonds. To ensure the right of the Company and shareholders, the Company filed with the court a request for a ruling that prohibits the borrower, FDG Investment Holdings Limited (hereinafter referred to as FDG Investment Holdings), which is a subsidiary of FDG Electric Vehicles Limited, to transfer, pledge and dispose its shareholding of the Company's 7,605 thousand private placement shares (after completing the capital reduction in 2024). The Company pledged \$50,000 as collateral to the Taiwan Taipei District Court and received the execution order from the Court

in December 2020 (Bei-Yuan-Zhong 109 Si-Zhi-Quan-Mu-Zi No. 644). Subsequently, the Company filed with the court a request for a ruling that prohibits FDG Investment Holdings to exercise the rights of shareholders on its shareholding of the Company's 7,605 thousand private placement shares (after completing the capital reduction in 2024). The Company pledged \$9,380 as collateral to the Taiwan Taoyuan District Court and received the execution order from the Court in April 2021 (110 Si-Zhi-Quan-Zi No. 78). The Company filed with the Chinese Arbitration Association, Taipei for an arbitration of the aforementioned strategic alliance against FDG Kinetic Limited (hereinafter referred to as "FDG Kinetic") and FDG Investment Holdings and requested FDG Investment Holdings to return its shareholding of the Company's 7,605 thousand private placement shares in March 2021. However, the Chinese Arbitration Association, Taipei issued an arbitral award denying the arbitration of the Group on March 14, 2023. Based on the opinion of the lawyer and the letter which stated that FDG Electric Vehicles Limited admitted the strategic alliance, it shall be considered a misinterpretation that the Chinese Arbitration Association, Taipei did not list FDG Electric Vehicles Limited as a counterparty of the arbitration. Therefore, the Group has appointed another legal counsel to file an appeal for the revocation of the arbitral award (113 Zhong-Su-Zi No. 5) and filed a civil action with the Intellectual Property and Commercial Court (had been transferred to the Taipei District Court for trial, No. 112-Zon-Su-Zi-832) for the events such as compensation for damage against FDG Electric Vehicles Limited, FDG Kinetic and FDG Investment Holdings before the arbitral award, that is December 13, 2022. As of the report date, the ultimate outcome of the case cannot presently be determined. In May 2023, the Company received a ruling from the Taoyuan District Court which states that the provisional injunction prohibiting FDG Investment Holdings from exercising shareholders' rights shall be revoked. However, in May 2023, the Company has filed an interlocutory appeal. On October 30, 2023, the Company received the 112 Kang-Zi No. 749 ruling from the Taiwan High Court which stated that the aforementioned ruling from the Taoyuan District Court of revoking the provisional injunction shall be rescinded and the arbitration of FDG Investment Holdings in the Taoyuan District Court shall be denied. Moreover, FDG Investment Holdings has filed an interlocutory appeal. On January 22, 2024, the Company received the 112 Tai-Kang-Zi No. 1076 ruling from the Supreme Court which stated that the original ruling from the Taiwan High Court of the 112 Kang-Zi No. 749 shall be rescinded, and the case was confirmed. FDG Investment Holdings held the aforementioned arbitral award which was issued by the Chinese Arbitration Association, Taipei on March 14, 2023 and applied for the revocation of the provisional injunction prohibiting the transfers. On February 7, 2024, the Company received the 112 Sheng-Zi No. 451 ruling from the Taiwan High Court stating that the arbitration of FDG Investment Holdings was denied. FDG Investment Holdings filed an interlocutory appeal with the Supreme Court, but the Supreme Court rejected the appeal according to the 113 Tai-Kang-Zi No. 282 ruling. Therefore, the provisional injunction of the case is still valid. As of the report date, FDG Investment Holdings shall not transfer, pledge and dispose the aforementioned private placement shares in part or in whole.

C. The Company and its subsidiary, Advanced Lithium Electrochemistry Co., Ltd. (“Advanced Lithium Electrochemistry”), had previously reached an agreement with LiReP04+C Licensing AG to terminate the license reauthorization contract (“license contract”). However, LiReP04+C Licensing AG subsequently had concerns about the termination day. To maintain shareholders’ interests, multiple negotiations were conducted, but no consensus was reached. Therefore, LiReP04+C Licensing AG has filed an appeal against the Company and Advanced Lithium Electrochemistry with the Superior Court of Quebec. As of November 8, 2024, the effect to the Group cannot be estimated.

(2) Commitments

A. Issued but unused letters of credit for raw material imports

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
JPY (In thousands)	\$ -	\$ 3,990	\$ -
USD (In thousands)	\$ 611	\$ -	\$ -

B. Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Property, plant and equipment	\$ 25,519	\$ 11,691	\$ 9,371

C. Licence reauthorization contract:

- (a) The Group has signed a licence reauthorization contract with LiFePO4+C Licencing AG on July 4, 2011. The contract requires the Group to construct a plant and produce cathode materials for Lithium iron phosphate (LiFePO4) with annual production of 1,000 tons in Quebec, Canada during the extended 3 years as stated in the contract (before July 4, 2014).
- (b) The Group assessed that the needs in American and European markets were lower than its expectation, thus, the Group and LiFePO4+C Licencing AG completed an amendment for the licence reauthorization contract on August 26, 2013. The amendment extends the construction of the plant and the completion requirement for operation for 12 months, which is, to build a cathode materials plant with a minimum of annual production of 1,000 tons in Quebec, Canada as of July 4, 2015. If the Group fails to build the plant on schedule, LiFePO4+C Licencing AG has the right to claim an extension fee of US\$300,000 and to terminate the licence reauthorization contract.
- (c) The Group assessed the potential for growth in electric cars and energy storage system in Europe, U.S. and Canada. Thus, the Group and LiFePO4+C Licencing AG completed an amendment for the licence reauthorization contract on November 19, 2014. The amendment states that the Group can choose to build a powder plant, battery plant, battery module plant or electric bus system integration plant in Quebec, Canada, whereby the capital expenditure shall be at least US\$6 million as of July 4, 2015, and that the average annual full-time employment shall be at least 10 employees as of July 4, 2018. If the Group fails to meet its obligations as stated in the amendment and thus influences rights of the licence contract, there may be an impact on the Group’s operations and financial position.

(d) The Group has negotiated with LiFePO4+C Licencing AG to terminate the aforementioned licence reauthorization contract by consent on September 21, 2021. However, as LiFePO4+C Licencing AG still had unresolved issues with the contract termination, the subsequent relevant legal matters are ongoing. Refer to Note 9(1)C for details. In addition, due to prudent consideration, the Group still prepared and amortised related expenses in accordance with the original contract period and IFRSs.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group monitors capital on the basis of the gearing ratio, taking into account that the Group belongs to an emerging industry. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including ‘current and non-current borrowings’ as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as ‘equity’ as shown in the consolidated balance sheet plus net debt.

The gearing ratios as at September 30, 2024, December 31, 2023 and September 30, 2023 were as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Total borrowings	\$ 219,584	\$ 225,000	\$ 394,202
Less: Cash and cash equivalents	( 107,948)	( 383,301)	( 600,799)
Net debt	111,636	( 158,301)	( 206,597)
Total equity	552,846	756,126	870,419
Total capital	<u>\$ 664,482</u>	<u>\$ 597,825</u>	<u>\$ 663,822</u>
Debt to capital ratio	<u>17%</u>	<u>-</u>	<u>-</u>

(2) Financial instruments

A. Financial instruments by category

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 33,645	\$ -	\$ -
<u>Financial assets at amortised cost/</u>			
<u>Loan and receivables</u>			
Cash and cash equivalents	107,948	383,301	600,799
Current and non-current financial assets at amortised cost, net	26,474	54,653	79,689
Accounts receivable (including related parties)	33,686	31,950	58,973
Other receivables (including related parties)	5,905	54	4,839
Guarantee deposits paid (shown as 'Other current assets')	64,874	64,362	64,329
	<u>\$ 272,532</u>	<u>\$ 534,320</u>	<u>\$ 808,629</u>
<u>Financial liabilities</u>			
<u>Financial liabilities at amortised cost</u>			
Short-term borrowings	\$ 200,000	\$ 220,000	\$ 277,000
Accounts payable	55,984	72,102	54,642
Other accounts payable	169,773	182,083	164,928
Long-term borrowings (including current portion)	19,584	-	117,202
Refund liabilities	-	6,859	11,819
	<u>\$ 445,341</u>	<u>\$ 481,044</u>	<u>\$ 625,591</u>
Lease liabilities	<u>\$ 250</u>	<u>\$ 1,377</u>	<u>\$ 1,752</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group evaluates abovementioned risks periodically in order to minimise potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group expected that currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB, USD and AUD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:



September 30, 2024			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 3,918	31.65	\$ 124,005
HKD : NTD	275,000	4.07	1,120,350
RMB : NTD	799	4.523	3,614
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 4,582	31.65	\$ 145,020
December 31, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 4,981	30.71	\$ 152,967
HKD : NTD	275,000	4.00	1,100,000
RMB : NTD	810	4.327	3,505
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 5,635	30.71	\$ 173,051
September 30, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 4,699	32.27	\$ 151,637
HKD : NTD	275,000	4.09	1,124,750
RMB : NTD	23,312	4.415	102,922
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 5,430	32.27	\$ 175,226

- v. The total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2024 and 2023 amounted to \$2,865, \$229, \$533 and (\$1,999), respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

<u>Nine months ended September 30, 2024</u>			
	<u>Degree of variation</u>	<u>Effect on profit (loss)</u>	<u>Effect on other comprehensive income (loss)</u>
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 1,240	\$ -
HKD : NTD	1%	11,204	-
RMB : NTD	1%	36	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	(\$ 1,450)	\$ -
<u>Nine months ended September 30, 2023</u>			
	<u>Degree of variation</u>	<u>Effect on profit (loss)</u>	<u>Effect on other comprehensive income (loss)</u>
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 1,516	\$ -
HKD : NTD	1%	11,253	-
RMB : NTD	1%	1,029	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	(\$ 1,752)	\$ -

Price risk

None.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. The Group's borrowings are at floating rates. As at September 30, 2024 and 2023, the Group's borrowings at variable rate were denominated in NTD.

ii. If the borrowing interest rate of bank had increased/decreased by 0.25% with all other variables held constant, post-tax profit for the nine months ended September 30, 2024 and 2023 would have decreased/increased by \$329 and \$591, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Credit risk arises from deposits with banks and financial institutions, including outstanding receivables and contractual cash flows of debt instruments at fair value through profit or loss. For bank and financial institutions, only institutions with good credit quality are accepted.
- ii. The Group adopts the assumption under IFRS 9 that if the contract payments were past due over 60 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iii. In line with credit risk management procedure, the default occurs when the contract payments are not expected to be recovered and are reclassified to overdue receivables.
- iv. The Group classifies customer's accounts receivable, contract assets and rents receivable in accordance with product types. The Group applies the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. As of September 30, 2024, December 31, 2023 and September 30, 2023, the provision matrix is as follows:

<u>September 30, 2024</u>	Individual disclosure	Not past due	Up to 60 days past due	61-120 days past due	121-180 days past due	181-360 days past due	Over 360 days	Total
Expected loss rate	100%	0%	0%	0%	0%	0-7%	100%	
Total book value								
- Accounts receivable	\$ 358	\$ 31,243	\$ 2,156	\$ 287	\$ -	\$ -	\$ 99,565	\$ 133,609
- Other receivables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,641	\$ 10,641
Loss allowance	\$ 358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,206	\$ 110,564

Long-term accounts receivable (included in other non-current assets)

Expected loss rate	100%	0%	0%	0%	0%	0%	0%	
Total book value	\$ 1,126,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,126,688
Loss allowance	\$ 1,126,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,126,688

<u>December 31, 2023</u>	Individual disclosure	Not past due	Up to 60 days past due	61-120 days past due	121-180 days past due	181-360 days past due	Over 360 days	Total
Expected loss rate	100%	0%	0%	0%	0%	0-8%	100%	
Total book value								
- Accounts receivable	\$ 358	\$ 30,917	\$ 154	\$ 879	\$ -	\$ -	\$ 107,834	\$ 140,142
- Other receivables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,641	\$ 10,641
Loss allowance	\$ 358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,475	\$ 118,833

Long-term accounts receivable (included in other non-current assets)

Expected loss rate	100%	0%	0%	0%	0%	0%	0%	
Total book value	\$ 1,126,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,126,688
Loss allowance	\$ 1,126,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,126,688

<u>September 30, 2023</u>	Individual disclosure	Not past due	Up to 60 days past due	61-120 days past due	121-180 days past due	181-360 days past due	Over 360 days	Total
Expected loss rate	100%	0%	0%	0%	0%	0-7%	100%	
Total book value								
- Accounts receivable	\$ 358	\$ 57,840	\$ 1,133	\$ -	\$ -	\$ -	\$ 107,834	\$ 167,165
- Other receivables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,641	\$ 10,641
Loss allowance	\$ 358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,475	\$ 118,833

Long-term accounts receivable (included in other non-current assets)

Expected loss rate	100%	0%	0%	0%	0%	0%	0%	
Total book value	\$ 1,126,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,126,688
Loss allowance	\$ 1,126,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,126,688

- vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2024			
	Accounts receivable	Other receivables	Long-term receivables	Total
At January 1	\$ 108,192	\$ 10,641	\$ 1,126,688	\$ 1,245,521
Reversal of impairment loss	( 5,663)	-	-	( 5,663)
Reversed during the period	( 2,606)	-	-	( 2,606)
At September 30	<u>\$ 99,923</u>	<u>\$ 10,641</u>	<u>\$ 1,126,688</u>	<u>\$ 1,237,252</u>

  

	2023			
	Accounts receivable	Other receivables	Long-term receivables	Total
At January 1	\$ 111,054	\$ 10,641	\$ 1,126,688	\$ 1,248,383
Reversal of impairment loss	( 2,862)	-	-	( 2,862)
At September 30	<u>\$ 108,192</u>	<u>\$ 10,641</u>	<u>\$ 1,126,688</u>	<u>\$ 1,245,521</u>

- viii. The amount recognised under the financial assets at amortised cost are mainly restricted deposits. Such financial institutions are with high credit quality, so it expects that the probability of counterparty default is remote.

(c) Liquidity risk

- i. Cash flow forecasting is performed and aggregated by Group treasury. Group treasury monitors rolling forecasts of the operating entities' liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.
- ii. The Group has the following undrawn borrowing facilities:

	September 30, 2024	December 31, 2023	September 30, 2023
Floating rate:			
Expiring within one year	\$ 182,207	\$ 276,269	\$ 222,632
Expiring more than one year	150,000	-	-
	<u>\$ 332,207</u>	<u>\$ 276,269</u>	<u>\$ 222,632</u>

iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Non-derivative financial liabilities</u>	<u>Within 1 year</u>	<u>Over 1 year</u>	<u>2 ~ 5 years</u>	<u>Over 5 years</u>
September 30, 2024				
Short-term borrowings	\$ 200,000	\$ -	\$ -	\$ -
Accounts payable	55,984	-	-	-
Other payables	169,773	-	-	-
Long-term borrowings (including current portion)	5,384	5,273	9,796	-
Refund liabilities	-	-	-	-
Lease liability	250	-	-	-

<u>Non-derivative financial liabilities</u>	<u>Within 1 year</u>	<u>Over 1 year</u>	<u>2 ~ 5 years</u>	<u>Over 5 years</u>
December 31, 2023				
Short-term borrowings	\$ 220,000	\$ -	\$ -	\$ -
Accounts payable	72,102	-	-	-
Other payables	182,083	-	-	-
Long-term borrowings (including current portion)	-	-	-	-
Refund liabilities	6,859	-	-	-
Lease liability	1,377	-	-	-

<u>Non-derivative financial liabilities</u>	<u>Within 1 year</u>	<u>Over 1 year</u>	<u>2 ~ 5 years</u>	<u>Over 5 years</u>
September 30, 2023				
Short-term borrowings	\$ 277,000	\$ -	\$ -	\$ -
Accounts payable	54,642	-	-	-
Other payables	164,928	-	-	-
Long-term borrowings (including current portion)	20,127	20,127	53,127	41,939
Refund liabilities	11,819	-	-	-
Lease liability	1,502	250	-	-

### (3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in is included in Level 1

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows: (For instruments that are not measured at fair value but whose fair value should be disclosed, their fair value and level are recommended to be described in the notes of each account as the information required to be disclosed is different)

C. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, accounts payable and other payables are approximate to their fair values.

(a) The related information on the nature of the assets and liabilities is as follows: (December 31, 2023 and September 30, 2023: None)

September 30, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 33,645	\$ -	\$ -	\$ 33,645
	<u>\$ 33,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,645</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Open-end fund</u>
Market quoted price	Net asset value

D. For the nine months ended September 30, 2024 and 2023, there was no transfer between Level 1 and Level 3.

(4) Other matter

None.

### 13. SUPPLEMENTARY DISCLOSURES

The disclosures on investee companies were based on the financial statements reviewed by independent auditors and the following transactions with subsidiaries were eliminated when preparing consolidated financial statements. The following disclosure information is for reference only. The related information on investee companies was translated using the average exchange rate of USD:NTD = 1:32.03 for the nine months ended September 30, 2024 and the exchange rate of USD:NTD = 1:31.65 as of September 30, 2024.

(5) Significant transactions information

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: Refer to table 2.

C. Holding of marketable securities at the end of the period: Please refer to table 3.

- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 5.

(6) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

(7) Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(8) Major shareholders information

Major shareholders information: Refer to table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions.

The Group manages through product types. Each significant product type needs a different technique and market strategy, thus, is individually disclosed in management information.

(2) Measurement of segment information

A. The accounting policies, judgements, assumptions and estimates of the operating segments are in agreement with the significant accounting policies summarised in Notes 4 and 5.

B. The Group's assets are shared and liabilities are managed and dispatched under unified policies; thus, under operating management, assets and liabilities are not allocated to each operating segment, financial income and expenses, profit or loss relating to investment and profit or loss on disposal of assets are not distributed to each operating segment, nor used for performance measurement, but are consolidated under 'other segments'.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Three months ended September 30, 2024:



	Cathode Material revenue	Licensing Engagement revenue	Others	Eliminations	Total
Inter-segment revenue - external customers	\$ 132,721	\$ 484	\$ -	\$ -	\$ 133,205
Total segment profit (loss)	(\$ 62,589)	\$ 137	(\$ 13,092)	\$ -	(\$ 75,544)

Nine months ended September 30, 2024:

	Cathode Material revenue	Licensing Engagement revenue	Others	Eliminations	Total
Inter-segment revenue - external customers	\$ 399,326	\$ 16,416	\$ -	\$ -	\$ 415,742
Total segment loss	(\$ 174,533)	(\$ 5,355)	(\$ 27,728)	\$ -	(\$ 207,616)

Three months ended September 30, 2023:

	Cathode Material revenue	Licensing Engagement revenue	Others	Eliminations	Total
Inter-segment revenue - external customers	\$ 132,618	\$ 15,527	\$ -	\$ -	\$ 148,145
Total segment profit (loss)	(\$ 140,183)	\$ 3,267	(\$ 17,699)	\$ -	(\$ 154,615)

Nine months ended September 30, 2023:

	Cathode Material revenue	Licensing Engagement revenue	Others	Eliminations	Total
Inter-segment revenue - external customers	\$ 575,735	\$ 116,007	\$ -	\$ -	\$ 691,742
Total segment profit (loss)	(\$ 349,827)	\$ 74,300	(\$ 56,015)	\$ -	(\$ 331,542)

(4) Reconciliation for segment income (loss): None.

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries

Loans to others

Nine months ended September 30, 2024

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2024	Balance at September 30, 2024 (Note 4)	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
1	Advanced Lithium Electrochemistry Co., Ltd.	Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Other receivables - related parties	Y	\$ 120,000	\$ 80,000	\$ 75,700	-	Short-term financing	-	Working capital financing	-	None	-	\$ 216,580	\$ 216,580	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: The column of "Nature of loan" shall fill in "Business transaction" or "Short-term financing".

Note 3: (1) For the Company's loans to investee companies accounted for using equity method, the ceiling of the total lending is 100% of the parent company's net assets while the ceiling of individual lending is 100% of the parent company's net assets;

(2) For loans of the subsidiary - Advanced Lithium Electrochemistry Co., Ltd. To affiliates, the ceiling of the total lending is 40% of the lending company's net assets while the ceiling of individual lending is 40% of the lending company's net assets.

Note 4: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

## Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries

## Provision of endorsements and guarantees to others

Nine months ended September 30, 2024

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2024	Outstanding endorsement/ guarantee amount at September 30, 2024	Actual amount drawn down (Note 4)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/guarantees by parent company to subsidiary	Provision of endorsements/guarantees by subsidiary to parent company	Provision of endorsements/guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Advanced Lithium Electrochemistry Co., Ltd.	2	\$ 1,105,692	\$ 538,000	\$ 538,000	\$ 200,000	-	97.31%	\$ 1,105,692	Y	N	N	
1	Advanced Lithium Electrochemistry Co., Ltd.	Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	3	1,082,900	35,370	-	-	-	-	1,082,900	N	Y	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following three categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

Note 3: Unless agreed by stockholders, the ceiling of the Company's guarantee to other companies and individual entity is 200% of the Company's net assets based on the latest financial statements audited or reviewed by accountants; unless agreed by stockholders, the ceiling the ceiling of the Company and its subsidiaries' guarantee to other companies and individual entity is 200% of the Company's net assets based on the latest financial statements audited or reviewed by independent accountants. The Company may provide endorsements and guarantees to the entities that are directly or indirectly owned by the Company for more than 90% ownership as long as the total amount is not higher than 10% of the Company's net worth. For the entities that are 100% directly or indirectly owned by the Company are not subject to the 10% net worth limit.

Note 4: The amount drawn down is the actual credit line obtained from banks or the endorsement/ guarantee actually completed.

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Nine months ended September 30, 2024

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2024			Fair value	Footnote
				Number of shares	Book value	Ownership (%)		
Advanced Lithium Electrochemistry Co., Ltd.	ABITL Income Umbrella Multi-asset Income Fund-Accumulate	None	Financial assets at fair value through profit or loss	1,016,949.15	\$ 16,556	-	\$ 16,556	
Advanced Lithium Electrochemistry Co., Ltd.	Franklin Templeton SinoAm Multi-Asset Income Fund-Accu.-USD	None	Financial assets at fair value through profit or loss	1,297,577.90	17,089	-	17,089	

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries  
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
 Nine months ended September 30, 2024

Table 4

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2024	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	FDG Electric Vehicles Limited	Other related party	Long-term receivable (Note 1) \$1,126,688	-	\$ 1,126,688	Note 2	\$ -	\$ 1,126,688

Note 1: The Company's investment in convertible corporate bonds early expired on August 31, 2020, therefore, the Company transferred the convertible bonds to long-term receivables due from related parties.

Note 2: The Company has appointed lawyers to handle the related legal process.

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries  
 Significant inter-company transactions during the reporting period  
 Nine months ended September 30, 2024

Table 5

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Advanced Lithium Electrochemistry Co., Ltd.	Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	2	Other receivables	75,700	Note 5	7%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories;

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: No further disclosure of counterparty transactions, and disclosure standard of significant transactions is above \$20 million.

Note 5: It refers to loans between affiliates.

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries  
Names, locations and other information of investee companies (not including investees in Mainland China)  
Nine months ended September 30, 2024

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2024			Net profit (loss) of the investee for the nine months ended September 30, 2024	Investment income (loss) recognised by the Company for the nine months ended September 30, 2024	Footnote
				Balance as at September 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Advanced Lithium Electrochemistry Co., Ltd.	Taiwan	Research, manufacturing and sale of LFP-NCO and key materials of olivine-type structure lithium battery	\$ 3,018,443	\$ 3,018,443	246,640,000	100	\$ 541,450	(\$ 144,866)	(\$ 144,866)	Subsidiary (Note 1)
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Aleees Eco Ark Co., Ltd.	Taiwan	Manufacturing and distribution of batteries, cars and peripherals	1,675,000	1,675,000	52,800,000	100	10,818	( 3,131)	( 3,131)	Subsidiary (Note 2)
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Advanced Lithium Electrochemistry (HK) Co., Limited	Hong Kong	Investment holdings	592,862	592,862	19,330,000	100	1,641		1,297	Subsidiary
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Aleees US, Corp.	America	Investment holdings	114,122	86,017	37,900,000	100	13,403	( 31,790)	( 31,790)	Subsidiary
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Aleees India Technology Private Limited	India	Overseas clients developing and services of cathode materials for lithium-ion batteries	-	-	80	0.01	-	-	-	Subsidiary of subsidiary (Note 3)
Aleees US, Corp.	Aleees AU Pty. Ltd.	Australia	Overseas clients developing and services of cathode materials for lithium-ion batteries	32,767	32,767	1,630,000	100	5,266	( 3,563)	( 3,563)	Subsidiary of subsidiary
Aleees US, Corp.	Aleees EU SARL	France	Overseas clients developing and services of cathode materials for lithium-ion batteries	3,255	3,255	100,000	100	746	( 182)	( 182)	Subsidiary of subsidiary
Aleees US, Corp.	Aleees Texas, LLC	America	Overseas clients developing and services of cathode materials for lithium-ion batteries	43,621	30,748	1,400,000	100	( 885)	( 15,020)	( 15,020)	Subsidiary of subsidiary
Aleees US, Corp.	Aleees UK. Ltd.	United Kingdom	Overseas clients developing and services of cathode materials for lithium-ion batteries	30,187	17,455	750,000	100	5,181	( 12,626)	( 12,626)	Subsidiary of subsidiary
Aleees US, Corp.	Aleees India Technology Private Limited	India	Overseas clients developing and services of cathode materials for lithium-ion batteries	3,113	-	799,920	99.99	2,783	( 243)	( 243)	Subsidiary of subsidiary (Note 3)

Note 1: Unrealised gain on sidestream intercompany transaction was included.

Note 2: The Board of Directors during its meeting on December 28, 2018 resolved the dissolution of the subsidiary, Aleees Eco Ark Co., Ltd., and the date of dissolution was on December 31, 2018. It is under liquidation.

Note 3: Aleees India Technology Private Limited was established on November 28, 2023, and the Group holds a 100% equity interest in the company.

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries

Information on investments in Mainland China

Nine months ended September 30, 2024

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2024		Accumulated amount of remittance from Taiwan to Mainland China	Net income of investee for the nine months ended September 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2024	Book value of investments in Mainland China as of September 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2024	Footnote
				as of January 1, 2024	Remitted to Mainland China	Remitted back to Taiwan	as of September 30, 2024	September 30, 2024		for the nine months ended September 30, 2024	as of September 30, 2024	September 30, 2024	
Advanced Lithium Electrochemistry (China Shanghai) Ltd.	Design of battery and trading	\$ 481,203	Note 1	\$ -	\$ -	\$ -	\$ -	\$ 1,343	100	\$ 1,343	\$ 572	\$ -	

Company name (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Advanced Lithium Electrochemistry (China Shanghai) Ltd. (Note 1)	\$ -	\$ -	\$ -

Note 1: The investment in the investee companies are remitted by the parent company-Advanced Lithium Electrochemistry (Cayman) Co., Ltd. through investing in an existing company in the third area -Advanced Lithium Electrochemistry (HK) Co., Limited, which then invested in the investee in Mainland China. Thus, the investment amounts are not applicable for disclosure.

Note 2: Information based on financial statements reviewed by the parent company's independent auditors.



Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and Subsidiaries

Information on investees

Nine months ended September 30, 2024

Table 8

Investee	Shares held as at September 30, 2024	
	Number of shares	Ownership
FDG Kinetic Limited's custodian account with KGI BANK	7,605,470	11.18%

Note 1 : The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

Note 2 : If the aforementioned data contains shares which were held in trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and shares held in trust, at the same time, shareholders who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.