

Gigastorage Corporation

Parent Company Only Financial Statements For the Years Ended December 31, 2021 and 2020 and Independent Auditor's Report

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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.

§Table of Contents§

	<u>Item</u>	<u>Page</u>	<u>Financial Statements Number of Notes</u>
1.	Cover	1	-
2.	Table of Contents	2	-
3.	Independent Auditor's Report	3~7	-
4.	Parent Company Only Balance Sheet	8	-
5.	Parent Company Only Comprehensive Income Statement	9~10	-
6.	Parent Company Only Statement of Changes in Shareholders' Equity	11	-
7.	Parent Company Only Cash Flow Statement	12~14	-
8.	Notes to Parent Company Only Financial Statements		
(1)	Company History	15	1
(2)	Date and Procedures for Approval of Financial Statements	15	2
(3)	Application of New and Revised Standards and Interpretation	15~20	3
(4)	Summary of Significant Accounting Policies	20~35	4
(5)	Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties	35~36	5
(6)	Summary of Significant Accounting Items	36~78	6~29
(7)	Related Party Transactions	78~83	30
(8)	Pledged Assets	84	31
(9)	Significant Contingent Liabilities and Unrecognized Contract Commitments	84~86	32
(10)	Significant Disaster Loss	-	-
(11)	Significant Subsequent Events	-	-
(12)	Others	86~87	33
(13)	Additional Disclosure		
	1. Information on significant transactions	87	34
	2. Information on invested enterprises	87	34
	3. Information on investment in mainland China	87	34
	4. Information on major shareholders	88	34
(14)	Segment Information	-	-
9.	Schedule of Important Accounting Items	102~117	-

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders

Gigastorage Corporation

Audit opinion

We have audited the parent company only balance sheet of Gigastorage Corporation as of December 31, 2021 and 2020, and the parent company only comprehensive income statements, parent company only statement of changes in shareholders' equity, parent company only cash flow statements, and notes to the parent company only financial statements (including significant accounting policies) for the years then ended.

In our opinion, based on our audits and the reports of other independent auditors (please refer to the Other Matters paragraph), the parent company only financial statements referred to above present fairly, in all material respects, the individual financial position of Gigastorage Corporation as of December 31, 2021 and 2020 and its individual financial performance and cash flows for the years ended December 31 2021 and 2020, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers.

Basis of Opinion

We conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the parent company only financial statements. We are independent of Gigastorage Corporation and its subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other independent auditors, we believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2021 parent company only financial statements of Gigastorage Corporation and its subsidiaries. These matters were addressed in the content of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters of the 2021 parent company only financial statements of Gigastorage Corporation were as follows:

Authenticity of revenues

As stated in Note 10 to the parent company only financial statements, investments accounted for using the equity method of Gigastorage Corporation amounted to NT\$3,393,237 thousand, or 68% of total assets as of December 31, 2021, and the shares of profits or losses of subsidiaries, affiliates and joint ventures using the equity method was NT\$(120,395) thousand, or 581% of net income before tax from January 1, 2021 to December 31, 2021. The financial status and performance of its subsidiaries would significantly affect Gigastorage Corporation.

The sales revenues of Gigastorage Corporation and its subsidiaries are mainly from the sales of solar conductive plasma and silicon excipients, which account for 85% of the consolidated revenues. The sales revenues of solar conductive plasma and silicon excipients changed significantly in 2021 (see Note 19), and the customer portfolio changed in the past two years; therefore, we have included the authenticity of the aforementioned revenues as a key audit matter.

We have performed the following key audit procedures:

1. We assessed the effectiveness of the design and implementation of internal control practices related to sales transactions by understanding the related internal control systems and operating procedures related to the sales transaction cycle.
2. To confirm the authenticity of revenue, we selected samples from the sales details, reviewed the original customer orders, shipping documents or export declarations and sales invoices, and examined whether there were any abnormalities in the receivable collections and the customers to whom the sales were made.

Other Matters

The financial statements of certain equity-method investees have not been audited by us, but by other independent auditors. Therefore, of our opinions on the parent company only financial statements referred to above, the amounts included in the financial statements were based on the audit reports of other independent auditors. As of December 31, 2021 and 2020, the above-mentioned investments under the equity method amounted to NT\$1,347,041 thousand and NT\$1,040,119 thousand, or 27.02% and 20.55% of total assets, respectively; the share of investment losses recognized under the equity method amounted to NT\$1,957 thousand and NT\$293 thousand, or 9.44% and (0.06)% of net income (loss) before tax, respectively for the years ended December 31, 2021 and 2020.

The financial statements of certain equity-method investees prepared in accordance with different financial reporting framework have not been audited by us, but have been audited by other independent auditors in accordance with different auditing standards. The above-mentioned financial statements have been converted into adjusted financial statements that conform to the

regulations governing the preparation of financial statements by securities issuers and we have performed the requisite audit procedures. Therefore, of our opinions on the parent company only financial statements referred to above, the amounts included in the financial statements were based on the audit reports of other independent auditors and the result of additional audit procedures performed in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and relevant provisions of auditing standards generally accepted in the Republic of China. As of December 31, 2021 and 2020, the above-mentioned investments under the equity method amounted to NT\$11,962 thousand and NT\$40,923 thousand, or 0.24% and 0.81% of total assets, respectively; the share of investment losses recognized under the equity method amounted to NT\$3,319 thousand and NT\$(6,406) thousand, or 16% and 1.21% of net income (loss) before tax, respectively for the years 2021 and 2020.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers, and for such internal control as the management determines is necessary to enable the preparation of the parent company only financial statements to be free from material misstatement whether due to fraud or error.

In preparing the parent company only financial statements, the management is also responsible for assessing the ability of Gigastorage Corporation as a going concern, disclosing as applicable, matters related to a going concern and using the going concern basis of accounting. Unless the management either intends to liquidate Gigastorage Corporation or to cease operations, or has no other realistic alternative but to do so.

Those in charge of corporate governance (including the Auditing Committee) are responsible for overseeing the reporting process of the financial statements of Gigastorage Corporation.

Auditor's Responsibilities for the Audit of the Parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted accounting principles will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in Gigastorage Corporation.
3. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Gigastorage Corporation to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Gigastorage Corporation to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the parent company only financial statements (including related notes), whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of Gigastorage Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit of Gigastorage Corporation, and forming the audit opinion on Gigastorage Corporation.

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

We also provide those in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all

relationships and other matters that may reasonably be thought to affect our independence, and other matters (including related protective measures).

From the matters communicated with those in charge of corporate governance, we determine those matters that were of most significance in the audit of the 2021 parent company only financial statements of Gigastorage Corporation and its subsidiaries and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Huang, Yu-Feng and Chung, Ming-Yuan.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2022

Notice to Readers

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

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

Gigastorage Corporation
Parent Company Only Balance Sheet
December 31, 2021 and 2020

Unit: NTD thousands

Code	Assets	December 31, 2021		December 31, 2020		Code	Liabilities and equity	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current assets						Current liabilities				
1100	Cash (Notes 4 and 6)	\$ 179,549	4	\$ 116,979	2	2100	Short-term borrowings (Notes 16 and 31)	\$ 737,257	15	\$ 1,490,814	30
1140	Contract assets – current (Notes 4, 20 and 30)	167,117	3	170,113	3	2110	Short-term notes and bills payable (Notes 16 and 31)	199,338	4	-	-
1150	Notes receivable, net (Notes 4 and 8)	13,440	-	4,693	-	2150	Notes payable	104	-	648	-
1170	Accounts receivable, net (Notes 4, 8 and 20)	143,625	3	90,684	2	2170	Accounts payable	79,598	1	47,054	1
1180	Accounts payable – related party, net (Notes 4, 8, 20 and 30)	19,111	1	9,627	-	2180	Accounts payable – related party (Note 30)	189	-	1,111	-
1200	Other receivables (Notes 4 and 8)	3,615	-	2,572	-	2200	Other payables (Notes 17 and 32)	30,988	1	570,183	11
1210	Other receivables – related parties (Notes 4, 8 and 30)	7,310	-	8,060	-	2220	Other payables – related party (Note 29)	1,035	-	959	-
1220	Current income tax assets (Notes 4 and 22)	32	-	27	-	2230	Current income tax liabilities (Notes 4 and 22)	-	-	4,039	-
130X	Inventories (Notes 4 and 9)	18,411	-	31,201	1	2280	Lease liabilities – current (Notes 4, 12 and 30)	3,673	-	3,752	-
1410	Prepayments (Note 15)	318,838	7	325,691	7	2322	Long-term borrowings due within one year (Notes 16 and 31)	236,000	5	84,000	2
1476	Other financial assets – current (Notes 4 and 31)	16,214	-	15,003	-	2399	Other current liabilities (Notes 17, 20 and 30)	25,514	-	5,670	-
1479	Other current assets (Notes 15, 31 and 32)	4,315	-	252,254	5	21XX	Total current liabilities	1,313,696	26	2,208,230	44
11XX	Total current assets	891,577	18	1,026,904	20		Non-current liabilities				
	Non-current assets					2540	Long-term borrowings (Notes 16 and 31)	715,500	14	293,500	6
1517	Financial assets at fair value through other comprehensive income – non-current (Notes 4 and 7)	47,449	1	44,459	1	2580	Lease liabilities – non-current (Notes 4, 12 and 30)	20,721	1	24,394	-
1550	Investments using the equity method (Notes 4, 10, 30 and 31)	3,393,237	68	3,199,373	63	2645	Deposits received	41,657	1	449	-
1600	Property, plant and equipment (Notes 4, 11, 30 and 31)	361,554	7	402,231	8	25XX	Total non-current liabilities	777,878	16	318,343	6
1755	Right-of-use assets (Notes 4 and 12)	23,863	1	27,740	1	2XXX	Total liabilities	2,091,574	42	2,526,573	50
1760	Investment property (Notes 4, 13 and 31)	167,077	3	166,154	3		Equity (Notes 4, 19, 24 and 26)				
1780	Intangible assets (Notes 4 and 14)	932	-	915	-	3110	Capital stock				
1980	Other financial assets – non-current (Notes 4 and 31)	-	-	1,200	-		Ordinary share capital	2,859,057	57	2,859,057	56
1990	Other non-current assets (Notes 4, 15, 18, 31 and 32)	100,450	2	192,701	4	3200	Capital surplus	498,574	10	250,109	5
15XX	Total non-current assets	4,094,562	82	4,034,773	80		Retained earnings				
						3310	Legal reserve	14,689	-	14,689	-
						3320	Special reserve	155,982	3	155,982	3
							Unappropriated earnings (Accumulated profit or loss)	(533,647)	(10)	(571,686)	(11)
						3350		(100,090)	(2)	(173,047)	(3)
						3400	Other equity				
						3XXX	Total equity	2,894,565	58	2,535,104	50
1XXX	Total assets	\$ 4,986,139	100	\$ 5,061,677	100		Total liabilities and equity	\$ 4,986,139	100	\$ 5,061,677	100

The accompanying notes are an integral part of the parent company only financial statements.
(Please refer to the audit report dated March 30, 2022 of Deloitte and Touche)

Chairperson: Chen, Chi-Ming

Managerial officer: Chen, Chi-Ming

Accounting officer: Tsai, Jyh- Pyng

Gigastorage Corporation
Parent Company Only Comprehensive Income Statement
January 1 to December 31, 2021 and 2020

(In thousands of NT\$, but Earnings per share is in NT\$)

Code		2021		2020	
		Amount	%	Amount	%
4000	Net operating revenues (Notes 20 and 30)	\$ 576,818	100	\$ 530,454	100
5000	Operating cost (Notes 9, 14, 21 and 30)	<u>550,685</u>	<u>95</u>	<u>438,594</u>	<u>83</u>
5900	Operating gross profits	26,133	5	91,860	17
5910	Unrealized profits on sales	(47,313)	(8)	(31,685)	(6)
5920	Realized sales profits	<u>31,685</u>	<u>5</u>	<u>13,098</u>	<u>3</u>
5950	Realized operating gross profits	<u>10,505</u>	<u>2</u>	<u>73,273</u>	<u>14</u>
	Operating expenses (Notes 8, 14, 21 and 30)				
6100	Marketing expenses	11,846	2	7,762	2
6200	Administration expenses	115,524	20	117,860	22
6300	R&D expenses	16,455	3	53,742	10
6450	Expected credit reversal gain	(<u>1,177</u>)	<u>-</u>	(<u>382</u>)	<u>-</u>
6000	Total	<u>142,648</u>	<u>25</u>	<u>178,982</u>	<u>34</u>
6500	Net other income and expenses (Note 32)	<u>254,805</u>	<u>44</u>	(<u>409,885</u>)	(<u>77</u>)
6900	Net operating income (loss)	<u>122,662</u>	<u>21</u>	(<u>515,594</u>)	(<u>97</u>)
	Non-operating income and expenses				
7100	Interest income (Note 21)	499	-	173	-
7010	Other income (Notes 21, 25 and 30)	49,967	9	63,044	12
7060	Share of profits or losses of subsidiaries, affiliates and joint ventures using the equity method (Notes 4 and 10)	(120,395)	(21)	77,380	15
7050	Financial costs (Notes 21 and 30)	(28,181)	(5)	(140,283)	(27)
7020	Other gains and losses (Notes 4 and 21)	(<u>3,814</u>)	(<u>1</u>)	(<u>16,137</u>)	(<u>3</u>)
7000	Total	(<u>101,924</u>)	(<u>18</u>)	(<u>15,823</u>)	(<u>3</u>)

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Code		2021		2020	
		Amount	%	Amount	%
7900	Net income (loss) before tax	\$ 20,738	3	(\$ 531,417)	(100)
7950	Income tax gains (expense) (Notes 4 and 22)	<u>4,058</u>	<u>1</u>	(<u>4,058</u>)	(<u>1</u>)
8200	Net income (loss) for the year	<u>24,796</u>	<u>4</u>	(<u>535,475</u>)	(<u>101</u>)
	Other comprehensive income				
8310	Items not to be reclassified as profit or loss:				
8311	Remeasurement of defined benefit plan	(1,931)	-	(60)	-
8316	Unrealized gains or losses on investments in equity instruments measured at fair value through other comprehensive income	2,990	-	30,537	6
8331	Remeasurement of defined benefit plans of subsidiaries recognized under the equity method	906	-	(2,009)	(1)
8336	Other comprehensive income of subsidiaries recognized under the equity method is measured at fair value.	109,825	19	14,167	3
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations	(4,268)	-	(1,950)	(1)
8381	Exchange differences on translation of financial statements of foreign operations of subsidiaries recognized under the equity method	(<u>21,573</u>)	(<u>4</u>)	<u>3,483</u>	<u>1</u>
8300	Other comprehensive income for the year (net after tax)	<u>85,949</u>	<u>15</u>	<u>44,168</u>	<u>8</u>
8500	Total comprehensive income for the year	<u>\$ 110,745</u>	<u>19</u>	(<u>\$ 491,307</u>)	(<u>93</u>)
	Earnings per share (Note 23)				
9750	Basic	<u>\$ 0.09</u>		(<u>\$ 2.17</u>)	
9850	Diluted	<u>\$ 0.09</u>		(<u>\$ 2.17</u>)	

The accompanying notes are an integral part of the parent company only financial statements.

(Please refer to the audit report dated March 30, 2022 of Deloitte and Touche)

Chairperson: Chen, Chi-Ming Managerial officer: Chen, Chi-Ming

Accounting officer: Tsai, Jyh- Pyng

Gigastorage Corporation
Parent Company Only Statement of Changes in Shareholders' Equity
January 1 to December 31, 2021 and 2020

Unit: NTD thousands

Code		Capital stock		Capital surplus	Retained earnings		Unappropriated earnings (Accumulated profits or losses)	Other equity		Total equity
		Number of shares (in thousands)	Amount		Legal reserve	Special reserve		Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	
A1	Balance as of January 1, 2020	205,906	\$ 2,059,057	\$ 211,927	\$ -	\$ 23,784	\$ 146,887	(\$ 114,115)	(\$ 145,597)	\$ 2,181,943
B1	Appropriation and distribution of 2019 earnings									
B1	Legal reserve	-	-	-	14,689	-	(14,689)	-	-	-
B3	Special reserve	-	-	-	-	132,198	(132,198)	-	-	-
E1	Cash capital increase	80,000	800,000	(117,249)	-	-	(6,248)	-	-	676,503
N1	Share-based payment (Note 24)	-	-	1,432	-	-	-	-	-	1,432
C7	Changes in affiliates and joint ventures recognized under the equity method	-	-	1,935	-	-	-	-	-	1,935
D1	Net loss for 2020	-	-	-	-	-	(535,475)	-	-	(535,475)
D3	Other comprehensive income for 2020	-	-	-	-	-	(2,069)	1,533	44,704	44,168
D5	Total comprehensive income for 2020	-	-	-	-	-	(537,544)	1,533	44,704	(491,307)
H3	Organization restructuring	-	-	-	-	-	(6,659)	-	-	(6,659)
M5	Disposal of equity in subsidiaries (Note 26)	-	-	26,034	-	-	-	15,258	3,935	45,227
M7	Changes in ownership interest in subsidiaries (Notes 19 and 26)	-	-	126,030	-	-	-	-	-	126,030
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(2,093)	-	2,093	-
Q1	Disposal of equity instruments at fair value through other comprehensive income by a subsidiary	-	-	-	-	-	(19,142)	-	19,142	-
Z1	Balance as of December 31, 2020	285,906	2,859,057	250,109	14,689	155,982	(571,686)	(97,324)	(75,723)	2,535,104
O1	Subsidiary share based payment transactions	-	-	16,545	-	-	-	-	-	16,545
D1	Net income for 2021	-	-	-	-	-	24,796	-	-	24,796
D3	Other comprehensive income for 2021	-	-	-	-	-	(1,025)	(25,841)	112,815	85,949
D5	Total comprehensive income for 2021	-	-	-	-	-	23,771	(25,841)	112,815	110,745
M5	Disposal of equity in subsidiaries (Note 26)	-	-	26,481	-	-	-	152	(109)	26,524
M7	Changes in ownership interest in subsidiaries (Notes 19 and 26)	-	-	204,909	-	-	-	208	-	205,117
C7	Changes in affiliates and joint ventures recognized under the equity method	-	-	530	-	-	-	-	-	530
Q1	Disposal of equity instruments at fair value through other comprehensive income by a subsidiary	-	-	-	-	-	14,268	-	(14,268)	-
Z1	Balance as of December 31, 2021	<u>285,906</u>	<u>\$ 2,859,057</u>	<u>\$ 498,574</u>	<u>\$ 14,689</u>	<u>\$ 155,982</u>	<u>(\$ 533,647)</u>	<u>(\$ 122,805)</u>	<u>\$ 22,715</u>	<u>\$ 2,894,565</u>

The accompanying notes are an integral part of the parent company only financial statements.
(Please refer to the audit report dated March 30, 2022 of Deloitte and Touche)

Chairperson: Chen, Chi-Ming

Managerial officer: Chen, Chi-Ming

Accounting officer: Tsai, Jyh- Pyng

Gigastorage Corporation
Parent Company Only Cash Flow Statement
January 1 to December 31, 2021 and 2020

Unit: NTD thousands

Code		2021	2020
	Cash flow from operating activities:		
A10000	Net income (loss) before tax for the year	\$ 20,738	(\$ 531,417)
A20000	Adjustments:		
A20010	Income or expenses having no effect on cash flows		
A20100	Depreciation expense	47,925	51,504
A20200	Amortization expenses	581	733
A20300	Expected credit reversal gain	(1,177)	(382)
A20400	Net loss on financial assets and liabilities at fair value through profit or loss	-	62
A20900	Financial costs	28,181	140,283
A21200	Interest income	(499)	(173)
A21300	Dividend income	(1,078)	-
A21900	Share-based remuneration costs	-	527
A22300	Share of profits or losses of subsidiaries, affiliates and joint ventures accounted for using the equity method	120,395	(77,380)
A22500	Gain on disposal and scrapping of property, plant and equipment	(112)	(475)
A23200	Loss on disposal of investment accounted for using the equity method	-	444
A23700	Impairment loss on non-financial assets	-	7,046
A23800	Loss on decline in value of inventories (reversal gain)	(11,836)	3,608
A23900	Unrealized profits on sales	47,313	31,685
A24000	Realized sales profits	(31,685)	(13,098)
A24100	Unrealized foreign currency exchange loss	721	1,227
A29900	Compensation loss from expected litigation loss (gain from reversal) (Note 32)	(254,805)	409,885

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Code		2021	2020
A30000	Net changes in assets/liabilities related to operating activities.		
A31125	Contract assets	\$ 2,996	\$ 69,929
A31130	Notes receivables	(8,747)	(2,123)
A31150	Accounts receivables	(53,451)	(2,074)
A31160	Accounts receivable – related party	(9,484)	(7,172)
A31180	Other receivables	(1,043)	(958)
A31190	Other receivables – related party	738	25,021
A31200	Inventories	24,626	2,519
A31230	Prepayments	6,853	29,145
A31240	Other current assets	(1,947)	(1,854)
A32130	Notes payable	(544)	(2,293)
A32150	Accounts payable	32,741	(3,463)
A32160	Accounts payable – related party	(922)	(6,402)
A32180	Other payables	(272,240)	(2,162)
A32190	Other payables – related party	76	107
A32230	Other current liabilities	19,844	1,561
A32240	Net defined benefit liabilities	(2,922)	(2,684)
A33000	Cash inflow (outflow) from operations	(298,764)	121,176
A33100	Interests received	499	266
A33500	Income tax returned	14	143
AAAA	Net cash inflow (outflow) from operating activities	(298,251)	121,585
	Cash flow from investment activities:		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	-	(3,816)
B00020	Disposal of financial assets measured at fair value through other comprehensive income	-	104
B00200	Disposal of Financial assets at fair value through profit or loss	-	2,411
B01800	Acquisition of investment accounted for using the equity method	(93,790)	(456,151)
B02300	Net cash inflow from disposal of subsidiaries	-	1,876
B02700	Acquisition of property, plant and equipment	(4,178)	(3,193)

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Code		2021	2020
B02800	Proceeds from disposal of property, plant and equipment	\$ 176	\$ 475
B03800	Decrease (increase) in refundable deposits	423,633	(409,889)
B04500	Acquisition of intangible assets	(598)	-
B06600	Decrease (increase) in other financial assets	(11)	111,075
B06800	Increase in other non-current assets	(89,554)	(1,161)
B07600	Dividends received	<u>65,698</u>	<u>59,466</u>
BBBB	Net cash inflow (outflow) from investment activities	<u>301,376</u>	<u>(698,803)</u>
	Cash flow from financing activities:		
C00100	Increase (decrease) in short-term borrowings	(753,557)	552,853
C00500	Increase in short-term notes and bills payable	199,315	-
C01300	Repayment of corporate bonds	-	(1,236,360)
C01600	Borrowing of long-term loans	740,000	250,000
C01700	Repayment of long-term loans	(166,000)	(34,000)
C03100	Increase (decrease) in guarantee deposits received	41,208	(1,009)
C04020	Repayment of lease principal	(3,752)	(3,695)
C04600	Cash capital increase	-	676,503
C05500	Disposal of equity in subsidiaries (Note 26)	4,877	289,268
C09900	Return of share proceeds from capital reduction of subsidiaries	28,012	-
C05600	Interests paid	<u>(29,209)</u>	<u>(24,236)</u>
CCCC	Net cash outflow from financing activities	<u>60,894</u>	<u>469,324</u>
DDDD	Effect of exchange rate changes on cash	<u>(1,449)</u>	<u>(2,378)</u>
EEEE	Net increase (decrease) in cash and cash equivalents	62,570	(110,272)
E00100	Cash balance at the beginning of the year	<u>116,979</u>	<u>227,251</u>
E00200	Cash balance at the end of the year	<u>\$ 179,549</u>	<u>\$ 116,979</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Please refer to the audit report dated March 30, 2022 of Deloitte and Touche)

Chairperson: Chen, Chi-Ming Managerial officer: Chen, Chi-Ming Accounting officer: Tsai, Jyh- Pyng

Gigastorage Corporation
Notes to Parent Company Only Financial Statements
January 1 to December 31, 2021 and 2020
(Units: NTD thousands, unless otherwise stated)

1. Company History

Gigastorage Corporation (hereinafter referred to as the “Company”) was established on March 26, 1997 and began operations on December 1, 1997. The Company is engaged in the manufacturing of computers and peripherals, international trade, manufacturing and reproduction of data storage media, manufacturing and trading of electronic materials, components and silicon wafers, energy technology services, and non-public power generation. The Company’s shares are listed and traded on Taiwan Stock Exchange.

The parent company only financial statements are presented in NTD, the functional currency of the Company.

2. Date and Procedures for Approval of Parent Company Only Financial Statements

The parent company only financial statements were approved by the board meeting on March 28, 2022.

3. Application of New and Revised Standards and Interpretation

- (1) First-time application of International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IAS”), Interpretations (“IFRICs”) and Interpretations (“SICs”) (hereinafter referred to as “IFRSs”) endorsed by the Financial Supervisory Commission (“FSC”) and issued to be effective

The adoption of the IFRSs endorsed and issued into effect by the FSC will not result in significant changes in the Company’s accounting policies.

- (2) IFRSs endorsed by the FSC and applicable in 2022.

New, Revised or Amended Standards and Interpretations	Effective date of IASB publication
“Annual improvement of IFRSs 2018-2020”	January 1, 2022 (Note 1)
Amendment to IFRS 3 “Reference to Conceptual Frameworks”	January 1, 2022 (Note 2)
Amendment to IAS 16 “Property, plant and equipment: price before reaching the intended state of use”	January 1, 2022 (Note 3)
Amendment to IAS 37 “Onerous Contracts – Cost of Performing Contracts.”	January 1, 2022 (Note 4)

Note 1: Amendments to IFRS 9 apply to exchanges or modification of terms of financial liabilities in annual reporting periods after 1 January 2022; amendments to IAS 41 “Agriculture” apply to fair value measurements in annual reporting periods after 1 January 2022; amendments to IFRS 1 “First application of IFRSs” apply retrospectively to annual reporting periods after 1 January 2022.

Note 2: This amendment applies to business mergers for which the acquisition date falls within the annual reporting period after January 1, 2022.

Note 3: This amendment applies to plant, property and equipment that begins to operate in the manner such as location and condition expected by management after January 1, 2021.

Note 4: This amendment applies to contracts with unfulfilled obligations as of January 1, 2022.

1. Amendment to IAS 16 “Property, plant and equipment: price before reaching the intended state of use”

The amendment provides that the sale price of output items of property, plant and equipment produced to bring them to the location and condition necessary to meet management’s expectations for the manner in which they will be operated is not appropriate as a deduction to the cost of those assets. The above-mentioned output items shall be measured according to IAS 2 “Inventory,” and the sales price and cost shall be recognized in profit or loss according to the applicable standards.

The amendment applies to plant, property and equipment in the location and condition necessary to achieve management’s intended mode of operation after January 1, 2021, and the information of the comparative period shall be restated when the amendment is first applied by the Company.

In addition to the impacts above, the Company assesses that the amendments to other standards and interpretations will not have a significant impact on the financial position and financial performance as of the date of issuance of this individual financial report.

- (3) The IFRSs released by the IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective date of IASB publication (Note 1)
Amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture."	Undecided
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 "First application of IFRS 17 and IFRS 9 – comparative information"	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies."	January 1, 2023 (Note 2)
Amendment to IAS 8 "Definition of Accounting Estimates."	January 1, 2023 (Note 3)
Amendment to IAS 12 "Deferred income tax relating to assets and liabilities arising from a single transaction"	January 1, 2023 (Note 4)

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretation are effective for annual reporting periods beginning after the respective dates.

Note 2: This amendment will be applicable for annual reporting periods beginning after January 1, 2023.

Note 3: This amendment applies to changes in accounting estimates and changes in accounting policies that occur in annual reporting periods beginning after January 1, 2023.

Note 4: Other than the recognition of deferred tax on temporary differences in lease and decommissioning obligations on January 1, 2022, the amendment applies to transactions occurring after January 1, 2022.

1. Amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture."

The amendment provides that if the Company sells or contributes an asset to an affiliate (or joint venture), or if the Company loses control of a subsidiary but retains significant influence (or joint control) over the subsidiary, the Company shall recognize all of the gains or losses from such transactions if the

aforementioned asset or subsidiary meets the definition of “business” in “business merger” under IFRS 3.

In addition, if the Company sells or contributes an asset to an affiliate (or joint venture), or if the Company loses control of a subsidiary but retains significant influence (or joint control) over the subsidiary, the Company shall recognize gains and losses from such transactions only to the extent that they are not related to the investor’s interest in the affiliate (or joint venture), i.e. they are eliminated to the extent of the Company’s share of such gains and losses if the aforementioned asset or subsidiary does not meet the definition of “business” in “business merger” under IFRS 3.

2. Amendment to IAS 1 “Classification of Liabilities as Current or Noncurrent”

The amendment aims to clarify whether a liability is classified as non-current; the Company should assess whether it has the right to defer settlement at the end of the reporting period for at least 12 months after the reporting period. If the Company has such a right as of the end of the reporting period, the liability is classified as non-current whether or not the Company exercises its right to defer settlement of a liability. The amendment aims to clarify if the Company is required to comply with certain conditions in order to have the right to defer settlement of a liability. The Company must have complied with specific conditions as of the end of the reporting period, even if the lender tests whether the Company has complied with those conditions at a later date.

The amendment provides the purpose to clarify that settlement refers to the transfer to the counterparty of cash, other economic resources or equity instruments of the Company that results in the extinguishment of the liability. However, if the terms of the liability may result in transferring the Company’s equity instruments at the option of the counterparty, and if the option is separately recognized in equity in accordance with IAS 32, “Financial Instruments: Presentation,” the above-mentioned provisions do not affect the classification of the liability.

3. Amendment to IAS 1 “Disclosure of Accounting Policies.”

The amendment specifies that the Company shall determine the material accounting policy information to be disclosed based on the definition of materiality. Accounting policy information is considered material if it could reasonably be expected to affect the decisions of the primary users of the

general-purpose financial statements based on those financial statements. The amendment also clarifies:

- Accounting policy information related to immaterial transactions, other events or circumstances is immaterial and the Company is not required to disclose such information.
- The Company may determine that related accounting policy information is material because of the nature of the transactions, other events or circumstances, even if the amount is not material.
- Not all accounting policy information related to significant transactions, other events or circumstances is material.

In addition, the amendment provides examples of accounting policy information that may be material if it relates to significant transactions, other events or circumstances and under the following circumstances, the information may be material:

- (1) A change in the Company's accounting policy during the reporting period that results in a material change in financial statement information;
 - (2) The Company selects applicable accounting policies from among the options permitted by the standards;
 - (3) Due to the lack of specific standards, the Company establishes accounting policies in accordance with IAS 8 "Accounting Policies, Changes and Errors in Accounting Estimates";
 - (4) The Company discloses the relevant accounting policies that require the application of significant judgments or assumptions; or
 - (5) that it involves complex accounting requirements when users of financial statements rely on such information to understand such significant transactions, other events or circumstances.
4. Amendment to IAS 8 "Definition of Accounting Estimates."

The amendment explicitly specifies that accounting estimate represents the monetary amounts in the financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may need to measure financial statement items using monetary amounts that are not directly observable but must be estimated, and therefore measurement techniques and input values are required to create accounting estimates for this purpose. The effect of changes in measurement techniques or input values on accounting

estimates that are not corrections of prior period errors are accounted for as changes in accounting estimates.

In addition to the above effects, the Company will continue to evaluate the effect of the amendment to other standards on the financial positions and performance of the Company to the date the parent company only financial statements are approved and released, and will make appropriate disclosure after the evaluation.

4. Summary of Significant Accounting Policies

(1) Compliance Statement

The parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers.

(2) Basis of preparation

This individual financial report is prepared on a historical cost basis, except for financial instruments at fair value and net defined benefit liabilities recognized at the present value less net defined benefit liabilities recognized at the fair value of plan assets.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

When preparing the parent company only financial statements, the Company processed the investment in subsidiaries and associates under the equity method. In order to make the same the current profit or loss, other comprehensive income and equity in the parent company only financial statements as the current year's profit or loss, other comprehensive income and equity attributable to the owners of the Company in the consolidated financial statements, certain accounting differences between the individual basis and consolidated basis are adjusted for "investments using the equity method," "share of profit or loss of subsidiaries, affiliates and joint ventures using the equity method," "share of other comprehensive income of subsidiaries, affiliates and joint ventures using the equity method" and related equity items.

(3) Standards in differentiating current and noncurrent assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months of the balance sheet date; and
3. Cash (excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due for settlement within 12 months after the balance sheet date (current liabilities even if a long-term refinancing or rescheduling agreement is completed after the balance sheet date and before the financial statements are authorized for issuance), and
3. Liabilities whose settlement deadline cannot be unconditionally deferred until at least 12 months after the balance sheet date. If the terms of the liability, at the option of the counterparty, result in the settlement of the liability by the issuance of equity instruments, the classification is not affected.

Those that are not current assets or liabilities above are classified as noncurrent assets or liabilities.

(4) Foreign currency

For the transactions conducted in a currency other than the business entity's functional currency (foreign currency), it is to be translated to the functional currency in accordance with the exchange rate on the transaction date when preparing financial statements.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in profit or loss in the period in which they occur.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as profit or loss in the period. However, for the changes in fair value recognized in other comprehensive income, the exchange difference is recorded in other comprehensive income.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a retranslation.

When preparation of the individual financial report, the assets and liabilities of overseas operating institutions (including the subsidiaries in the countries of business operation or those using currencies different from the Company's) were converted to New Taiwan dollars based on the exchange rate quoted on every balance sheet date. Income and expense items are translated at the average exchange rate for the period and the exchange differences are booked in other comprehensive income.

(5) Inventories

Inventory includes raw materials, supplies, finished goods and work-in-process. Inventory is valued in accordance with the lower of cost or net realizable value. When comparing cost and net realizable value, except for the homogeneous inventories, it is based on the itemized lower of cost or net realizable value. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to completion and the estimated expenses needed to consummate the sale. The cost of inventory is calculated using the weighted average method.

(6) Investments in subsidiaries

The Company adopts the equity method for investment in subsidiaries.

A subsidiary is an entity (including a structured entity) over which the Company has control.

Under the equity method, investments in subsidiaries are originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the subsidiaries and other comprehensive income by the Company. Additionally, the change in the interests the Company holds in subsidiaries is recognized pro rata to the shareholding percentages.

When a change in the Company's ownership interest in a subsidiary does not result in a loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that are in substance a component of the

Company's net investment in the subsidiary), the Company continues to recognize losses in proportion to its equity in the subsidiary.

The excess of the acquisition cost over the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries constituting the business at the acquisition date is recorded as goodwill, which is included in the carrying amount of the investment and is not amortized; the excess of the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries constituting the business at the acquisition date over the acquisition cost is recorded as gain or loss for the period.

The Company assesses impairment based on the cash-generating units as a whole in the financial statements and compares their recoverable amounts with their book values. If the amount of recoverable assets increased in the future, the reversal of impairment shall be recognized as income. The book value of the reversal of impaired assets shall not exceed the book value before recognition for impairment net of amortization. Impairment losses attributable to goodwill must not be reversed in subsequent periods.

When control over a subsidiary is lost, the Company measures its remaining investment in the subsidiary at fair value at the date of loss of control. The difference between the fair value of the remaining investment and the carrying amount of the investment at the date of loss of control, if any, is recognized in profit or loss for the period. In addition, all amounts recognized in other comprehensive income related to the subsidiary are accounted for on the same basis as if the Company had directly disposed of the related assets or liabilities.

Unrealized gains or losses on downstream transactions with subsidiaries are eliminated in the parent company only financial statements. Gains or losses from upstream and side-stream transactions with subsidiaries are recognized in the parent company only financial statements only to the extent that they are not related to the Company's equity interest in the subsidiary.

(7) Investments in affiliates and joint ventures

The term "affiliate" as set forth herein denotes an enterprise which has significant effect upon the Company but is not a subsidiary or a joint venture.

A joint venture is a joint agreement between the Company and another company with joint control and rights to the net assets.

The Company adopts the equity method for investment in affiliates.

Under the equity method, investments in affiliates and joint ventures are originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the affiliates and joint ventures and other comprehensive income by the Company. In addition, changes in equity in affiliated companies and joint ventures are recognized on a proportional basis to shareholdings.

The Company assesses impairment by comparing the recoverable amount to the carrying amount of an investment as a whole (including goodwill) as a single asset. The impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of impairment loss can be recognized to the extent that the recoverable amount of the investment subsequently increases.

Gains or losses from upstream, downstream and side-stream transactions with affiliates and joint ventures are recognized in the parent company only financial statements only to the extent that they are not related to the Company's equity interest in the affiliates and joint ventures

(8) Property, plant and equipment

Property, plant, and equipment shall be recognized based on cost. Subsequent costing shall be measured on the cost net of accumulated depreciations and accumulated impairments.

Except for owned land, which is not depreciated, other property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

When property, plant and equipment is derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

(9) Investment property

Investment property refers to real estate held for the purpose of earning rent or capital appreciation or both. Investment property also includes land held for future use that is currently undetermined.

Self-owned investment property is initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Investment property is depreciated on a straight-line basis.

When investment property is derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

(10) Intangible assets

1. Acquired separately

Intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment. Intangible assets are amortized on a straight-line basis over their useful lives. The Company reviews the estimated useful lives, residual values and amortization methods at least at the end of each year and defers the effect of changes in applicable accounting estimates. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment.

2. Derecognition

When intangible assets are derecognized, the difference between the net disposal price and the carrying amount of the assets is recognized in profit or loss for the period.

(11) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets

The Company assesses on each balance sheet date whether there is any indication that the property, plant and equipment, right-of-use assets, investment property and intangible assets (other than goodwill) may have been impaired. If there is any indication of impairment, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the Company is to estimate the recoverable amount of the respective cash-generating unit. Shared assets are allocated to individual cash-generating units on a reasonably consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment.

The recoverable amount is the higher of the fair value less costs to sell and its value in use. When the recoverable amount of an individual asset or a cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit should be reduced to its recoverable amount. The impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the adjusted recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have become if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(12) Financial instruments

When the Company has become a party to the instrument contract, the financial assets and financial liabilities are to be recognized in the parent company only balance sheet.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

The regular transaction of financial assets is recognized and derecognized in accordance with the trade date accounting.

(1) Type of measurement

The types of financial assets held by the Company are financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments investments not designated by the Consolidated Company as being measured at fair value through other comprehensive income, and investments in debt instruments not qualified for classification as being measured at amortized cost or at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, while dividends, interests and gains or losses arising from remeasurement are recognized in other gains and losses. Please refer to Note 35 for the determination of fair value.

B. Financial assets at amortized cost

The Company's financial assets, if meeting both of the following conditions, are classified as financial assets at amortized cost:

- a. Financial assets held under a particular mode of operation and the purpose of holding is for the collection of contractual cash flows; and
- b. The terms of the contracts give rise to cash flows at specified dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets (including cash, accounts receivable measured at amortized cost), after initial recognition, are measured at their total carrying amount determined using the effective interest method, less amortized cost of any impairment loss, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases.

- a. Interest income on financial assets that are credit-impaired upon acquisition or creation is calculated using the credit-adjusted effective interest rate multiplied by the amortized cost of the financial assets.
- b. Interest income on financial assets that are not credit-impaired upon acquisition or creation but become credit-impaired subsequently is calculated using the effective interest rate multiplied by the amortized cost of the financial assets from the next reporting period after the impairment.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulties, defaulted, or where it is probable that the debtor will declare bankruptcy or other

financial reorganization, or where an active market for the financial assets has disappeared due to financial difficulties.

C. Investment in equity instruments at fair value through other comprehensive income

The Company may make an irrevocable choice at the time of initial recognition for designating the investment of equity instruments not available-for-sale and not recognized by the acquirer under corporate merger and acquisition or with consideration at fair value through other comprehensive income for measurement.

Investment in equity instruments at fair value through other comprehensive income is measured at fair value. Subsequent changes in fair value will be recognized as other comprehensive income and accumulated into other equity. In the disposition of assets, accumulated gains or loss shall be directly transferred to retained earnings without classification as profit or loss.

The dividend of the investment of equity instruments at fair value through other comprehensive income shall be recognized as income when the right of the Company in the collection of dividends is ascertained, unless the dividend is obviously representing the recovery of the cost of investment in part.

(2) Impairment of financial assets and contract assets

The Company at each balance sheet date assesses the impairment loss of financial assets (including accounts receivable) at amortized cost and contract assets according to the expected credit loss.

An allowance is recognized for losses on accounts receivable and contract assets based on expected credit losses over the life. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If there is no significant increase, an allowance for loss is recognized based on the expected credit loss over 12 months, and if there is a significant increase, an allowance for loss is recognized based on the expected credit loss over the duration.

Expected credit loss is a weighted average credit loss based on the risk of default. Expected credit loss in a 12-month period represents the

expected credit loss arising from possible defaults of the financial instruments within 12 months after the reporting date, and the ongoing expected credit loss represents the expected credit loss arising from all possible defaults of the financial instruments during the expected life of the financial instruments.

For internal credit risk management purposes, the Company, without considering the collateral, determines the following circumstances indicating that a default has occurred on the financial assets:

- A. There is internal or external information showing that the debtor has been unable to pay off the debt.
- B. Payments are overdue for more than 90 days, unless there is reasonable and supporting information showing that the delayed default benchmark is more appropriate.

The carrying amount of all financial assets is reduced through an allowance account

(3) The derecognition of financial assets

The Company has financial assets derecognized only when the contractual rights from the cash flows of a financial asset become invalid or when the financial assets are transferred, and almost all the risks and rewards of the asset ownership have been transferred to other enterprises. When a particular entry of financial assets measured at amortized cost is removed, the difference between its book value and consideration shall be recognized as income. When particular equity instruments measured at fair value through comprehensive income are entirely derecognized, the accumulated gains of loss shall be directly transferred to retained earnings without being classified as profit or loss.

2. Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity pursuant to the contractual agreements and the definition of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

The retrieval of the Company's own equity instruments is recognized and deducted under equity. The Company's equity purchased, sold, issued, or cancelled is not recognized in the profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized as profit or loss.

(13) Provision for liabilities

The amount recognized as provision for liabilities is the best estimate of the amount required to settle the obligation at the balance sheet date, taking into account the risk and uncertainty of the obligation. The provision for liabilities is measured as the present value of the discounted estimated cash flows to settle the obligation.

(14) Recognition of revenues

The Company, after identifying the performance obligations, had the transaction price amortized to each performance obligation and recognized as income when the performance obligations were fulfilled.

1. Merchandise sales revenues

The Company recognizes revenue when the promised product is delivered to the customer and the customer obtains control (i.e. the customer's ability to direct the use of the product and obtain substantially all of the residual benefits of the product), based on the price stated in the contract.

The credit period for product sold by the Company is 30 to 120 days. Most of the contracts are recognized as accounts receivable when control of the product is transferred and the right to receive unconditional consideration is available. These accounts receivable are usually of short duration and do not have significant financial components.

2. Revenues from power plant design and construction projects

For real estate construction contracts in which the real estate is under the control of the customer during the construction process, the Company recognizes revenue gradually over time. Since the cost of construction is

directly related to the degree of completion of contractual obligations, the Company measures the progress of completion based on the proportion of the actual cost invested to the expected total cost. The Company recognizes contract assets over time during the construction process and reclassifies them as accounts receivable upon billing. If the amount received exceeds the amount of revenue recognized, the difference is recognized as a contract liability. The retention money withheld by the customer under the terms of the contract are intended to ensure the Company's completion of all contractual obligations and are recognized as contract assets until the Company's performance of the contract is completed.

If the outcome of the performance obligation cannot be measured reliably, revenue is recognized only to the extent that the costs incurred to satisfy the performance obligation are expected to be recovered.

(15) Lease

The Company assesses whether the contract is (or includes) a lease on the effective contract date.

1. The Company is the lessor

A lease is classified as a capital lease when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the asset to the lessee. All other leases are classified as operating leases.

Under operating leases, lease payments, net of lease incentives, are recognized as income on a straight-line basis over the relevant lease period.

2. The Company is the lessee

Right-of-use assets and lease liabilities are recognized at the lease inception date, except for leases of low-value underlying assets to which the recognition exemption applies and short-term leases for which lease payments are recognized as expenses on a straight-line basis over the lease period.

Right-of-use assets are initially measured at cost (the original measured amount of the lease liability) and subsequently at cost less accumulated depreciation and accumulated impairment loss, adjusted for the remeasurement of the lease liability. The right-of-use assets are expressed separately in the parent company only balance sheet.

The right-of-use assets are depreciated on a straight-line basis over the period starting from the lease inception date to the end of their useful lives or the expiration of the lease period, whichever is sooner.

The lease liability was originally measured at the present value of the lease payments (both fixed and substantively constant). If the implicit interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If that rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is amortized over the lease period. If a change in the index used to determine lease payments during the lease term results in a change in future lease payments, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. The lease liabilities are expressed separately in the parent company only balance sheet.

(16) Government subsidies

Government subsidies are recognized when there is reasonable assurance that the enterprise will comply with the conditions attached to the government subsidy and that the subsidy will be received.

Government subsidies related to income are recognized in other income on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the Company.

Government subsidies are recognized in profit or loss in the period in which they become collectible if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Company and have no future related costs.

(17) Share-based payment agreement

1. Employee stock options granted to the employees of the Company

Employee stock options are recognized as expense on a straight-line basis over the vesting period based on the fair value of the equity instruments at the grant date and the best estimate of the number expected to be vested, with an adjustment to capital surplus – employee stock options at the same time. If the vesting is made immediately on the grant date, the full cost is recognized on

the grant date. The Company reserves shares for employee subscription at the time of cash capital increase and recognizes the date as the grant date when the number of shares to be subscribed by employees is confirmed.

2. Employee stock options granted to the employees of subsidiaries

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

(18) Employee benefits

1. Short-term employee benefits

Liabilities relating to short-term employee benefits are measured by the non-discounted amount of the expected payment in exchange for employee services.

2. Post-employment benefits

Under defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The defined benefit cost (including service cost, net interest and remeasurement) of defined benefit pension plan is actuarially determined using the projected unit credit method. Service cost (including current service cost) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expense as incurred. Remeasurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income and included in retained earnings as incurred and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) represents the deficit (remaining) of the defined benefit pension plan appropriation. The net defined benefit asset may not exceed the present value of refunds of appropriations from the plan or reductions in future appropriations.

(19) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Current income tax

The Company determines income (loss) for the period in accordance with the regulations enacted by the income tax reporting jurisdictions and calculates income tax payable (recoverable) accordingly.

Additional Income tax on unappropriated earnings calculated in accordance with the ROC Income Tax Act is recognized in the year in which resolutions are made at the shareholders' meeting.

The adjustment to prior years' income tax payable is booked as current period's income tax.

2. Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which income tax credits can be utilized, such as deductions for temporary differences, loss carryforwards and investment tax credits.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, affiliates, except where the Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset. part of the asset should be adjusted down. Deferred tax assets that are not recognized as such initially are reviewed on each balance sheet date and the carrying amount

is increased to the extent that it is probable that future taxable income will be available to recover all or part of the assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequence resulting from the book value of the assets or liabilities expected to be recovered or liquidated on the balance sheet date.

3. Current and deferred tax

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive income or directly included in the equity are recognized in other comprehensive income or directly included in the equity.

5. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

When adopting accounting policies, the Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from estimates.

The Company takes the recent development of COVID-19 in Taiwan and its possible impact on the economic environment into the consideration of major accounting estimates such as cash flow estimation, growth rate, discount rate and profitability. The management will continue to review the estimates and basic assumptions. If a revision of an estimate affects only the current period, it is recognized in the period in which it is revised. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which it is revised and in the future periods.

Significant Accounting Judgments

No

Estimations, and Main Sources of Assumption Uncertainties

(1) Impairment of Investments in affiliates

When there is an indication that an investment in an affiliate may be impaired and the carrying amount may not be recoverable, the Company assesses the impairment of the investment immediately. The Company's management assesses impairment

based on future cash flow projections of the affiliates, including assumptions on sales growth and capacity utilization as estimated by the affiliates' internal management. The Company also considers the relevant market and industry conditions to determine the reasonableness of its relevant assumptions.

6. Cash

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and petty cash	\$ 451	\$ 468
Demand deposits	179,098	116,430
Cash in transit	-	81
	<u>\$179,549</u>	<u>\$116,979</u>

7. Financial Assets Measured at Fair Value through Other Comprehensive Income

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Investment in equity instruments – non-current		
Unlisted (emerging) company stocks		
Prorit Corporation	\$ 13,798	\$ 13,798
New Land Packing Corporation	59,726	59,726
Adjustments to the valuation of financial assets at fair value through other comprehensive income	(<u>26,075</u>)	(<u>29,065</u>)
	<u>\$ 47,449</u>	<u>\$ 44,459</u>

The Company invests in the common stock of the Company listed above for medium- to long-term strategic purposes and expects to earn a profit from the long-term investment. The Company's management believes that it would be inconsistent with the aforementioned long-term investment plan to include short-term fair value fluctuations of these investments in profit or loss, and has therefore elected to designate these investments as measured at fair value through other comprehensive income.

On August 10, 2020, the Company participated in the cash capital increase of New Land Packing Corporation by NT\$3,816 thousand, and acquired 382 thousand shares.

The Company's financial assets at fair value through other comprehensive income are not provided as guarantee.

The Company derecognized certain investments in equity instruments measured at fair value through other comprehensive income. The Information related to the derecognition in 2020 is as follows.

	<u>2020</u>
Fair value at the date of derecognition.	\$ 104
Accumulated loss on disposal of retained earnings transferred from other equity	(2,093)

8. Notes Receivable, Accounts Receivable and Other Receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Notes receivables</u>		
Measured at amortized cost		
Total carrying amount – incurred as a result of operations	\$ 13,440	\$ 4,693
Less: allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ 13,440</u>	<u>\$ 4,693</u>
<u>Accounts receivables</u>		
Measured at amortized cost		
Accounts receivables	\$145,992	\$ 94,228
Less: allowance for loss	(<u>2,367</u>)	(<u>3,544</u>)
	143,625	90,684
Accounts receivable – related party	<u>19,111</u>	<u>9,627</u>
	<u>\$162,736</u>	<u>\$100,311</u>
<u>Other receivables</u>		
Other receivables – other	\$ 3,615	\$ 2,572
Other receivables – related party	<u>7,310</u>	<u>8,060</u>
	<u>\$ 10,925</u>	<u>\$ 10,632</u>

(1) Notes and accounts receivable

The Company's notes and accounts receivable are not provided as guarantee.

The average credit period of the Company's product sales ranges from 30 to 120 days.

Each unit of the Company manages credit risk in accordance with its policies, procedures and controls over credit risk. The credit risk of all counterparties is evaluated by taking into account the financial condition of the counterparties, the ratings of credit rating agencies, historical transaction experience, the current economic environment and the Company's internal rating standards. The Company

also uses certain credit enhancement tools (such as advance receipts) at appropriate times to reduce the credit risk of specific counterparties.

The Finance Department manages the credit risk of bank deposits, fixed-income securities and other financial instruments in accordance with the Company's policies. Since the Corporation's counterparties are determined by internal control procedures and are creditworthy banks and investment-grade financial institutions, corporate organizations and government agencies, there is no significant credit risk.

The Company recognizes an allowance for losses on accounts receivable based on expected credit losses over the life of the receivables. Expected credit losses for the duration are calculated using a reserve matrix, which takes into account the customer's past default history and current financial condition, the economic situation of the industry, as well as industry outlook. Because the Company's credit loss history shows that there is no significant difference in loss patterns among different customer segments, the reserve matrix does not further differentiate between customer segments and only sets the expected credit loss rate based on the number of days past due on accounts receivable.

If there is evidence that the counterparty is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, the Company shall directly write off the related notes and accounts receivable but shall engage in recourse activities and recognize the amount recovered in profit or loss as a result of the recourse. The Company measured the allowance for losses on notes and accounts receivable based on the reserve matrix as follows.

December 31, 2021

	Not past due	0-30 days past due	31-120 days past due	121-270 days past due	Over 270 days past due	Total
Expected credit impairment loss	-	-	-	-	23~100%	
Total book value	\$ 175,934	\$ -	\$ 242	\$ -	\$ 2,367	\$ 178,543
Allowance for loss (expected credit loss during the life)	-	-	-	-	(2,367)	(2,367)
Amortized cost	<u>\$ 175,934</u>	<u>\$ -</u>	<u>\$ 242</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,176</u>

December 31, 2020

	Not past due	0-30 days past due	31-120 days past due	121-270 days past due	Over 270 days past due	Total
Expected credit impairment loss	0~1%	0~16%	7~19%	22~31%	30~100%	
Total book value	\$ 101,440	\$ -	\$ 2,776	\$ 1,581	\$ 2,751	\$ 108,548
Allowance for loss (expected credit loss during the life)	(274)	-	(195)	(349)	(2,726)	(3,544)
Amortized cost	<u>\$ 101,166</u>	<u>\$ -</u>	<u>\$ 2,581</u>	<u>\$ 1,232</u>	<u>\$ 25</u>	<u>\$ 105,004</u>

Information on changes in allowance for losses on notes and accounts receivable is as follows:

	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	\$ 3,544	\$ 3,926
Add: Reversal impairment loss for the year	(1,177)	(382)
Less: Actual write off for the year	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>\$ 2,367</u>	<u>\$ 3,544</u>

The changes in the allowance for loss as of December 31, 2021 and 2020 were due to the combined effect of changes in notes and accounts receivable and the net increase in total carrying amount for different aging risk groups.

9. Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Raw materials	\$ 14,502	\$ 13,942
Work in process	340	-
Finished goods	<u>3,569</u>	<u>17,259</u>
	<u>\$ 18,411</u>	<u>\$ 31,201</u>

The operating costs related to inventories were NT\$550,685 thousand and NT\$438,594 thousand from January 1 to December 31, 2021 and 2020, respectively. Operating costs consisted of NT\$(11,836) thousand and NT\$3,608 thousand of loss from inventory falling prices (reversal gain). The above-mentioned recovery of net realizable value of inventory is recognized as recovery benefits because the factors that previously caused the net realizable value of inventory to be lower than the cost have disappeared.

No guarantee has been provided for the Company's inventory.

10. Investment Accounted for Using the Equity Method

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Investments in subsidiaries	\$ 2,832,447	\$ 2,728,333
Investment in affiliate	485,552	405,579
Investment in joint venture	<u>75,238</u>	<u>65,461</u>
	<u>\$ 3,393,237</u>	<u>\$ 3,199,373</u>

(1) Investments in subsidiaries

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Giga Solar Materials Corporation	\$ 2,521,416	\$ 2,405,116
Wafering Technology Corporation	215,762	198,484
Ho Mi Specialty Materials Corporation	83,307	83,810
Global Acetech Co., Ltd.	<u>11,962</u>	<u>40,923</u>
	<u>\$ 2,832,447</u>	<u>\$ 2,728,333</u>

<u>Company name</u>	<u>Business nature</u>	<u>Main Business Location</u>	<u>Percentage of ownership interests and voting rights held</u>	
			<u>December 31, 2021</u>	<u>December 31, 2020</u>
Giga Solar Materials Corporation	Solar Energy Related Business	Hukou Township, Hsinchu County	39.15%	45.13%
Wafering Technology Corporation	Solar Energy Related Business	Hukou Township, Hsinchu County	100%	100%
Ho Mi Specialty Materials Corporation	Solar Energy Related Business	Hukou Township, Hsinchu County	92.57%	92.57%
Global Acetech Co., Ltd.	Solar Energy Related Business	Thailand	99.99%	99.99%

Please refer to Note 31 for the amount set as a guarantee for borrowing by the investee subsidiary.

(2) Investment in affiliate

<u>Investee name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Affiliates of no materiality		
Wole Max Green Power Co., Ltd.	\$354,675	\$352,159
Tron Energy Technology Corporation	48,995	-
Ri Yun Green Energy Corporation	47,933	41,784
UJGIGA Co., Ltd.	<u>33,949</u>	<u>11,636</u>
	<u>\$485,552</u>	<u>\$405,579</u>

Company name	Business nature	Main Business Location	Percentage of ownership interests and voting rights held	
			December 31, 2021	December 31, 2020
Wole Max Green Power Co., Ltd.	Solar Energy Related Business	Hukou Township, Hsinchu County	31%	31%
Tron Energy Technology Corporation	Electric buses, diesel buses/battery systems/energy storage systems	Taoyuan City	1.11%	-
Ri Yun Green Energy Corporation	Solar Energy Related Business	Taipei City	30%	30%
UJGIGA Co., Ltd.	Solar Energy Related Business	Kaohsiung City	30%	30%

On November 27, 2020 and December 30, 2020, the Company invested NT\$195,300 thousand and NT\$171,322 thousand, respectively, in Wole Max Green Power Co., Ltd. and acquired 33,790,000 shares, representing a 31% shareholding,

The Company invested in the rights shares of Tron Energy Technology Corporation in August 2021 with an investment amount of NT\$49,950 thousand, and acquired 666,000 shares in total with a shareholding ratio of 1.11%, and completed the change registration on October 19, 2021. Considering that Giga Solar Materials Corporation, a subsidiary of the Company, holds one seat of its directors, it is judged that has significant influence.

On April 30, 2020, the Company invested NT\$8,769 thousand in Ri Yun Green Energy Corporation and acquired 876,900 shares, representing a 30% shareholding. Later on December 7, 2020, the Company invested NT\$7,500 thousand in Ri Yun Green Energy Corporation and acquired 750,000 shares, representing a 30% shareholding. Later on December 27, 2021, the Company invested NT\$6,300 thousand in Ri Yun Green Energy Corporation and acquired 630,000 shares, representing a 30% shareholding.

On March 31, 2020, the Consolidated Company invested NT\$5,292 thousand in UJGIGA Co., Ltd. and acquired 529,200 shares, representing a 49% shareholding. It again invested UJGIGA Co., Ltd. on November 16, 2020, April 16, 2021 and December 10, 2021, with an investment amount of NT\$468 thousand, NT\$9,960 thousand and NT\$12,240 thousand respectively, and acquired 46,800 shares, 996,000 shares and 1,224,000 shares respectively, with a shareholding ratio of 30% consistently.

The aggregate financial information of the Company's investments in the aforementioned affiliates, which are not material to the Company, based on their respective shares, is presented below:

	<u>2021</u>	<u>2020</u>
Net income (loss) from continuing operations for the year	\$ 14,555	(\$ 5,441)
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 14,555</u>	<u>(\$ 5,441)</u>

(3) Investment in joint venture

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Affiliates of no materiality		
Giga Solar Green Power Co., Ltd.	\$ 69,914	\$ 65,461
Jieshuo Co., Ltd.	4,981	-
Shuoyitai Green Energy Co., Ltd.	343	-
	<u>\$ 75,238</u>	<u>\$ 65,461</u>

The Company's ownership interest in the joint venture and the percentage of voting rights as of the balance sheet date are as follows:

Company name	Business nature	Main Business Location	Percentage of ownership interests and voting rights held	
			December 31, 2021	December 31, 2020
Giga Solar Green Power Co., Ltd.	Solar Energy Related Business	Hukou Township, Hsinchu County	50%	50%
Jieshuo Co., Ltd.	Development of solar energy and energy storage systems	Hukou Township, Hsinchu County	49.9%	-
Shuoyitai Green Energy Co., Ltd.	Development, installation and holding of energy storage systems	Hukou Township, Hsinchu County	35%	-

On August 24, 2020, the Company further invested NT\$42,500 thousand in Giga Solar Green Power Co., Ltd. The Company acquired 4,250,000 shares with a 50% shareholding. Later on November 17, 2020, the Company further invested NT\$25,000 thousand in Giga Solar Green Power Co., Ltd. and acquired 2,500,000 shares with a 50% shareholding. On December 30, 2021, the Company further invested NT\$10,000 thousand in Giga Solar Green Power Co., Ltd. and acquired 1,000,000 shares and 249,975 shares of stock dividends, with a 50% shareholding.

The Company invested in Jieshuo Co., Ltd. jointly with other companies on November 15, 2021, with an investment amount of NT\$4,990 thousand and acquired 499,000 shares in total, with a shareholding ratio of 49.9%, and completed the change registration on November 29, 2021. According to the joint venture agreement, the major operations of Jieshuo shares are jointly led by all investors.

The Company invested in Shuoyitai Green Energy Co., Ltd. jointly with other companies on August 25, 2021, with an investment amount of NT\$350 thousand and acquired 35,000 shares in total with a shareholding ratio of 35%, and completed the change registration on September 11, 2021. In January 2022, the Company further invested NT\$24,050 thousand in Shuoyitai Green Energy Co., Ltd. and acquired 2,400,500 shares with a 35% shareholding. According to the joint venture agreement, the major operations of Shuoyitai Green Energy Co., Ltd. shares are jointly led by all investors.

The aggregate financial information of the Company's investments in the aforementioned joint ventures, which are not material to the Company, based on their respective shares, is presented below:

	<u>2021</u>	<u>2020</u>
Net income (loss) from continuing operations for the year	(\$ 1,007)	\$ 2,710
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	(<u>\$ 1,007</u>)	<u>\$ 2,710</u>

The Company's affiliates and joint ventures have no pledges as loan guarantees.

Jieshuo Co., Ltd. and Shuoyitai Green Energy Co., Ltd. are individual insignificant joint ventures, and their financial reports have not been audited by CPAs; however, the management of the Consolidated Company believes that these individual insignificant financial reports of the joint venture companies will not have significant differences if audited by CPAs.

(11) Property, Plant and Equipment

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Self-use	<u>\$361,554</u>	<u>\$402,231</u>

(1) Self-use

	Land	Houses and buildings	Machinery equipment	Office equipment	Transportation equipment	R&D equipment	Other equipment	Total
<u>Costs</u>								
Balance as of January 1, 2021	\$ 118,236	\$ 865,125	\$ 178,521	\$ 20,647	\$ 140	\$ 309,591	\$ 30,004	\$ 1,522,264
Addition	-	1,170	420	278	-	2,490	-	4,358
Disposal	-	(3,136)	(41,561)	-	-	-	(2,868)	(47,565)
Transfer	(2,584)	(10,404)	248,754	-	-	(248,754)	-	(12,988)
Balance as of December 31, 2021	<u>\$ 115,652</u>	<u>\$ 852,755</u>	<u>\$ 386,134</u>	<u>\$ 20,925</u>	<u>\$ 140</u>	<u>\$ 63,327</u>	<u>\$ 27,136</u>	<u>\$ 1,466,069</u>
<u>Accumulated depreciation and impairment</u>								
Balance as of January 1, 2021	\$ 18,019	\$ 656,204	\$ 126,126	\$ 20,122	\$ 140	\$ 269,912	\$ 29,510	\$ 1,120,033
Depreciation	-	17,033	15,460	287	-	5,168	421	38,369
Disposal	-	(3,136)	(41,497)	-	-	-	(2,868)	(47,501)
Transfer	-	(6,386)	239,934	-	-	(239,934)	-	(6,386)
Balance as of December 31, 2021	<u>\$ 18,019</u>	<u>\$ 663,715</u>	<u>\$ 340,023</u>	<u>\$ 20,409</u>	<u>\$ 140</u>	<u>\$ 35,146</u>	<u>\$ 27,063</u>	<u>\$ 1,104,515</u>
Net as of December 31, 2020 and January 1, 2021	<u>\$ 100,217</u>	<u>\$ 208,921</u>	<u>\$ 52,395</u>	<u>\$ 525</u>	<u>\$ -</u>	<u>\$ 39,679</u>	<u>\$ 494</u>	<u>\$ 402,231</u>
Net as of December 31, 2021	<u>\$ 97,633</u>	<u>\$ 189,040</u>	<u>\$ 46,111</u>	<u>\$ 516</u>	<u>\$ -</u>	<u>\$ 28,181</u>	<u>\$ 73</u>	<u>\$ 361,554</u>
<u>Costs</u>								
Balance as of January 1, 2020	\$ 114,176	\$ 847,985	\$ 177,905	\$ 20,504	\$ 720	\$ 345,472	\$ 30,826	\$ 1,537,588
Addition	-	992	580	143	-	1,478	-	3,193
Disposal	-	(195)	(142)	-	(580)	(37,795)	(822)	(39,534)
Transfer	4,060	16,343	178	-	-	436	-	21,017
Balance as of December 31, 2020	<u>\$ 118,236</u>	<u>\$ 865,125</u>	<u>\$ 178,521</u>	<u>\$ 20,647</u>	<u>\$ 140</u>	<u>\$ 309,591</u>	<u>\$ 30,004</u>	<u>\$ 1,522,264</u>
<u>Accumulated depreciation and impairment</u>								
Balance as of January 1, 2020	\$ 18,019	\$ 628,715	\$ 112,320	\$ 19,749	\$ 720	\$ 298,968	\$ 29,362	\$ 1,107,853
Depreciation	-	18,001	13,948	373	-	8,739	970	42,031
Disposal	-	(195)	(142)	-	(580)	(37,795)	(822)	(39,534)
Transfer	-	9,683	-	-	-	-	-	9,683
Balance as of December 31, 2020	<u>\$ 18,019</u>	<u>\$ 656,204</u>	<u>\$ 126,126</u>	<u>\$ 20,122</u>	<u>\$ 140</u>	<u>\$ 269,912</u>	<u>\$ 29,510</u>	<u>\$ 1,120,033</u>
Net as of December 31, 2019 and January 1, 2020	<u>\$ 96,157</u>	<u>\$ 219,270</u>	<u>\$ 65,585</u>	<u>\$ 755</u>	<u>\$ -</u>	<u>\$ 46,504</u>	<u>\$ 1,464</u>	<u>\$ 429,735</u>
Net as of December 31, 2020	<u>\$ 100,217</u>	<u>\$ 208,921</u>	<u>\$ 52,395</u>	<u>\$ 525</u>	<u>\$ -</u>	<u>\$ 39,679</u>	<u>\$ 494</u>	<u>\$ 402,231</u>

The Company did not perform impairment testing for 2021 and 2020 as there was no indication of impairment.

Depreciation expense is provided on a straight-line basis over the following useful lives:

Houses and buildings	1 to 56 years
Machinery equipment	1 to 11 years
Office equipment	5 years
R&D equipment	1 to 11 years
Other equipment	2 to 10 years

The significant components of the Company's buildings are mainly the main structure, electrical, mechanical and air-conditioning equipment, which have a useful life of 1 to 56 years and 1 to 11 years, respectively.

Please refer to note 31 for the Company's property, plant and equipment provided as collaterals.

12. Lease Agreements

(1) Right-of-use assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Book value of right-of-use assets		
Houses and buildings	\$ 23,473	\$ 26,827
Transportation equipment	<u>390</u>	<u>913</u>
	<u>\$ 23,863</u>	<u>\$ 27,740</u>
	<u>2021</u>	<u>2020</u>
Depreciation expense of right-of-use assets		
Houses and buildings	\$ 3,354	\$ 3,354
Transportation equipment	<u>523</u>	<u>523</u>
	<u>\$ 3,877</u>	<u>\$ 3,877</u>

Other than the above additions and depreciation expense recognized, there were no significant subleases or impairments of the Company's right-of-use assets from January 1 to December 31, 2021 and 2020.

(2) Lease liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Book value of lease liabilities		
Current	<u>\$ 3,673</u>	<u>\$ 3,752</u>
Non-current	<u>\$ 20,721</u>	<u>\$ 24,394</u>

The discount rate range for lease liabilities is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Houses and buildings	1.50%	1.50%
Transportation equipment	1.68%	1.68%

(3) Major Lease Activities and Terms

Some of the Company's real estate lease agreements include lease extension options. In determining the lease period, the non-cancellable period of the right to use the subject asset is combined with the period covered by the lease extension option that is reasonably certain to be exercised by the Company. The use of these options allows for maximum flexibility in the operation of management contracts. The majority of the lease extension options available are exercisable by the Company only. The Company re-evaluates the lease period when a material event or significant change in circumstances occurs after the commencement date (that is within the control of the lessee and affects whether the Company can be reasonably certain that

it will exercise an option not previously included in the determination of the lease period.)

(4) Information on other lease

Please refer to Note 13 for the Company's investment property agreements.

	2021	2020
Short-term lease expense	\$ 208	\$ 41
Total cash outflow from leases	\$ 4,358	\$ 4,190

The Company has elected to apply the exemption from recognition to transportation equipment and other equipment that qualify as short-term leases and does not recognize the related right-of-use assets and lease liabilities for these leases.

13. Investment Property

Investment property is the Company's own investment property. The Company enters into commercial property leases for its own investment properties. The leases include provisions for annual rental adjustments based on market conditions.

	Land	Houses and buildings	Total
<u>Costs</u>			
Balance as of January 1, 2021	\$ 65,039	\$ 261,834	\$ 326,873
Transfer from Property, plant and equipment	2,584	10,404	12,988
Balance as of December 31, 2021	\$ 67,623	\$ 272,238	\$ 339,861
<u>Accumulated depreciation and impairment</u>			
Balance as of January 1, 2021	\$ -	\$ 160,719	\$ 160,179
From Property, plant and equipment	-	6,386	6,386
Depreciation expense	-	5,679	5,679
Balance as of December 31, 2021	\$ -	\$ 172,784	\$ 172,784
Net as of December 31, 2021	\$ 67,623	\$ 99,454	\$ 167,077

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	Land	Houses and buildings	Total
<u>Costs</u>			
Balance as of January 1, 2020	\$ 69,099	\$ 278,177	\$ 347,276
Transfer to Property, plant and equipment	(4,060)	(16,343)	(20,403)
Balance as of December 31, 2020	<u>\$ 65,039</u>	<u>\$ 261,834</u>	<u>\$ 326,873</u>
<u>Accumulated depreciation and impairment</u>			
Balance as of January 1, 2020	\$ -	\$ 164,806	\$ 164,806
Depreciation expense	-	5,596	5,596
Transfer to Property, plant and equipment	-	(9,683)	(9,683)
Balance as of December 31, 2020	<u>\$ -</u>	<u>\$ 160,719</u>	<u>\$ 160,719</u>
Net as of December 31, 2020	<u>\$ 65,039</u>	<u>\$ 101,115</u>	<u>\$ 166,154</u>

	2021	2020
Rental income from investment property	\$ 31,689	\$ 29,454
Less: Direct operating expenses of investment properties that generate rental income in the current year	<u>5,679</u>	<u>5,596</u>
Total	<u>\$ 26,010</u>	<u>\$ 23,858</u>

Investment property is depreciated on a straight-line basis over the following useful lives:

Houses and buildings	2 to 37 years
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Please refer to Note 31 for the investment properties the Company provided as collaterals.

The fair values of investment properties were NT\$372,679 thousand and NT\$333,282 thousand as of December 31, 2021 and 2020.

The Company does not measure its investment property at fair value, but only discloses information about its fair value, which is in Level 3 of the fair value hierarchy. The aforementioned fair values are determined using the cash flow analysis method and the simultaneous consideration of the cost method and the income method, respectively,

where the main input values used are discount rates, of which the main input values used and their quantitative information are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Capitalization rate of income	4.77%	5.14%

(14) Intangible Assets

	<u>Computer software</u>
<u>Costs</u>	
Balance as of January 1, 2021	\$ 6,826
Addition	<u>598</u>
Balance as of December 31, 2021	<u>\$ 7,424</u>
<u>Accumulated amortization and impairment</u>	
Balance as of January 1, 2021	\$ 5,911
Amortization	<u>581</u>
Balance as of December 31, 2021	<u>\$ 6,492</u>
Net as of December 31, 2020 and January 1, 2021	<u>\$ 915</u>
Net as of December 31, 2021	<u>\$ 932</u>
<u>Costs</u>	
Balance as of January 1, 2020	\$ 6,826
Addition	<u>-</u>
Balance as of December 31, 2020	<u>\$ 6,826</u>
<u>Accumulated amortization and impairment</u>	
Balance as of January 1, 2020	\$ 5,178
Amortization	<u>733</u>
Balance as of December 31, 2020	<u>\$ 5,911</u>
Net as of December 31, 2019 and January 1, 2020	<u>\$ 1,648</u>
Net as of December 31, 2020	<u>\$ 915</u>

Summary of amortization by function:

	<u>2021</u>	<u>2020</u>
Operating costs	\$ 545	\$ -
Administration expenses	<u>36</u>	<u>733</u>
	<u>\$ 581</u>	<u>\$ 733</u>

Amortization expense is provided on a straight-line basis over the following useful lives:

Computer software	3 years
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15. Prepayments and Other Assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Tax retained overpaid	\$314,323	\$320,626
Prepayment for equipment	99,298	7,244
Prepaid expenses	1,193	1,188
Net defined benefit assets (Note18)	991	2,624
Refundable deposits	152	432,654
Prepayment for goods	8	335
Others	<u>7,638</u>	<u>5,975</u>
	<u>\$423,603</u>	<u>\$770,646</u>
Current	\$323,153	\$577,945
Non-current	<u>100,450</u>	<u>192,701</u>
	<u>\$423,603</u>	<u>\$770,646</u>

16. Borrowing

(1) Short-term borrowings

	<u>Interest range (%)</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Secured borrowings</u>			
Bank borrowings 1)	1.50~1.70	\$ 550,000	\$ 1,240,000
<u>Unsecured borrowings</u>			
Line of credit borrowing (Note).	1.40~1.55	<u>187,257</u>	<u>250,814</u>
		<u>\$ 737,257</u>	<u>\$ 1,490,814</u>

Note: The restrictions on the borrowing contract are as follows:

If the Company's shareholding in Giga Solar Materials Corporation is less than 35% and 40% on December 31, 2021 and 2020 respectively, the line of loan agreements shall cease to be utilized.

For collaterals for short-term borrowings, please refer to Note 31.

(2) Short term notes and bills payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commercial promissory notes payable	\$200,000	\$ -
Less: Discount of short-term notes and bills payable	(<u>662</u>)	<u>-</u>
	<u>\$199,338</u>	<u>\$ -</u>

The outstanding short-term notes and bills payable are as follows:

December 31, 2021

Guarantee/acceptance agency	<u>Face value</u>	Discounted value	<u>Book value</u>	Interest range	Collateral	Book value of collateral
Commercial promissory notes payable						
International Bills Finance	\$ 200,000	(\$ 662)	\$ 199,338	1.38%	GigaSolar stocks	\$194,258

For collaterals for short-term borrowings, please refer to Note 31.

(3) Long-term borrowings

The breakdown of the Company's long-term borrowings is as follows:

Creditor	December 31, 2021	Interest rate (%)	Repayment period and method
Secured loan from the Shanghai Commercial Bank	\$ 630,000	1.58	Starting from July 29, 2021, repay the loan in 20 installments of 3 months each, with the interest payable once every month.
Secured loan from Xingong Branch, Land Bank of Taiwan	200,000	1.58	Starting from January 6, 2021, repay the loan in 10 installments of 6 months, with interest payable once every month.
Credit loan from The Shanghai Commercial Bank	93,500	1.43	Starting from October 26, 2019, repay the loan in 20 installments of 3 months, with interest payable once every month.
Credit loan from Agricultural Bank of Taiwan	28,000	1.25	Starting from January 30, 2021, repay the loan in 40 installments of 1 month each, with the interest payable once every month.
Less: Long-term loans due within one year	(236,000)		
	<u>\$ 715,500</u>		

Creditor	December 31, 2020	Interest rate (%)	Repayment period and method
Secured loan from Land Bank of Taiwan	\$ 250,000	1.58	Starting from January 6, 2021, repay the loan in 10 installments of 6 months, with interest payable once every month.
Credit loan from The Shanghai Commercial Bank	127,500	1.43	Starting from October 26, 2019, repay the loan in 20 installments of 3 months, with interest payable once every month.
Less: Long-term loans due within one year	(84,000)		
	<u>\$ 293,500</u>		

For collaterals for long-term borrowings, please refer to Note 31.

17. Other Payables and Other Current Liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries and bonuses payable	\$ 15,221	\$ 15,103
Payable on machinery and equipment	4,542	1,401
Litigation fees payable	-	535,991
Others	<u>11,225</u>	<u>17,688</u>
	<u>\$ 30,988</u>	<u>\$570,183</u>
 Contract liabilities	 \$ 23,904	 \$ 4,145
Others	<u>1,610</u>	<u>1,525</u>
	<u>\$ 25,514</u>	<u>\$ 5,670</u>

18. Post-Employment Benefit Plan

(1) Defined contribution plan

The Company's pension system under the "Labor Pension Act" is a government-administered defined contribution pension plan with contributes 6% of employees' monthly salaries contributed to the personal accounts at the Bureau of Labor Insurance.

(2) Defined benefit plan

The Company's pension system under the "Labor Standards Act" is a government-administered defined benefit pension plan. The employee's pension is calculated based on the bases of years of service and the average monthly salary at the time of approval of retirement. Two bases are granted for each year of service up to (including) 15 years, and one base is granted for each year of service over 15 years, subject to a maximum accumulation of 45 bases. The Company appropriates 2% of employees' monthly salaries to pension funds, which is deposited by the Supervisory Committee of Labor Retirement Reserve in the name of the Committee into a special account at the Bank of Taiwan. Before the end of the year, if the balance in the special account is estimated to be insufficient to pay for employees who are expected to meet the retirement requirements in the following year, the difference will be made up in one lump sum by the end of March of the following year. The management of the special account is entrusted to the Bureau of Labor Funds, the Ministry of Labor. The Company has no right to influence the investment management strategy.

The amounts of defined benefit plans included in the parent company only balance sheets are shown below:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 19,597	\$ 17,494
Fair value of plan assets	(<u>20,588</u>)	(<u>20,118</u>)
Net defined benefit (assets) liabilities	(<u>\$ 991</u>)	(<u>\$ 2,624</u>)

The changes in net defined benefit (assets) liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit (assets) liabilities</u>
January 1, 2020	<u>\$ 16,668</u>	(<u>\$ 19,060</u>)	(<u>\$ 2,392</u>)
Financial costs			
Interest expense (income)	139	(159)	(20)
Service income from the previous period	<u>-</u>	<u>-</u>	<u>-</u>
Recognized in profit or loss	<u>139</u>	(<u>159</u>)	(<u>20</u>)
Remeasurement			
Actuarial gains			
- Changes in financial assumptions	1,066	(627)	439
- Adjustments through experiences	(<u>379</u>)	<u>-</u>	(<u>379</u>)
Recognized in other comprehensive income	<u>687</u>	(<u>627</u>)	<u>60</u>
Employer appropriation	<u>-</u>	(<u>272</u>)	(<u>272</u>)
December 31, 2020	<u>17,494</u>	(<u>20,118</u>)	(<u>2,624</u>)
Financial costs			
Interest expense (income)	75	(86)	(11)
Service income from the previous period	<u>-</u>	<u>-</u>	<u>-</u>
Recognized in profit or loss	<u>75</u>	(<u>86</u>)	(<u>11</u>)

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	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit (assets) liabilities
Remeasurement			
Actuarial (gains) losses			
- Actuarial gains and losses from changes in demographic assumptions	\$ -	\$ -	\$ -
- Changes in financial assumptions	(998)	(277)	(1,275)
- Adjustments through experiences	<u>3,206</u>	<u>-</u>	<u>3,206</u>
Recognized in other comprehensive income	<u>2,208</u>	(<u>277</u>)	<u>1,931</u>
Employer appropriation	<u>-</u>	(<u>287</u>)	(<u>287</u>)
Benefits paid	(<u>180</u>)	<u>180</u>	<u>-</u>
December 31, 2021	<u>\$ 19,597</u>	(<u>\$ 20,588</u>)	(<u>\$ 991</u>)

The Company is exposed to the following risks as a result of the pension system under the “Labor Standards Act”:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic and foreign equity securities, debt securities, and bank deposits through its own management or entrusted third parties, but the amount allocated to the Company’s plan assets is based on the income at a rate no less than the local bank’s 2-year time deposit rate.
2. Interest rate risk: A decrease in interest rates on government bonds will increase the present value of the defined benefit obligation, but the return on debt investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.
3. Salary Risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, increases in plan member’s salary will result in an increase in the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligation was actuarially determined by a qualified actuary and the significant assumptions at the measurement date were as follows.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.77%	0.43%
Expected rate of salary increase	3.00%	3.00%

The amount by which the present value of the defined benefit obligation would increase (decrease) if there are reasonable possible changes in significant actuarial assumptions, with all other assumptions held constant, is as follows

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate		
Increase by 0.5%	<u>(\$ 1,368)</u>	<u>(\$ 1,321)</u>
Decrease by 0.5%	<u>\$ 1,487</u>	<u>\$ 1,443</u>
Expected rate of salary increase		
Increase by 0.5%	<u>\$ 1,446</u>	<u>\$ 1,399</u>
Decrease by 0.5%	<u>(\$ 1,346)</u>	<u>(\$ 1,295)</u>

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation because the actuarial assumptions may be correlated and changes in only one assumption are not feasible.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Amount expected to be appropriated within 1 year	<u>\$ 287</u>	<u>\$ 272</u>
Average duration to maturity of defined benefit obligation	15 years	16 years

19. Equity

(1) Ordinary share capital

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Authorized number of shares (in thousands)	<u>500,000</u>	<u>500,000</u>
Authorized capital stock	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>285,906</u>	<u>285,906</u>
Capital stock issued	<u>\$ 2,859,057</u>	<u>\$ 2,859,057</u>

The issued ordinary shares has a face value of NT\$10 per share and each share is entitled to one voting right and receiving dividends.

On November 12, 2019, the board meeting approved the issuance of 80,000 thousand shares with a par value of NT\$10 per share as rights shares for the repayment of bank

loans and the repayment of the principal and interest due on the fourth domestic secured convertible bonds. The capital increase was reported as effective on February 14, 2020. The book-close date for the rights shares was June 29, 2020, and the subscription price per share was NT\$8.5. The total paid-in share payment of NT\$680,000 thousand has been fully received.

In order to meet the demand of repaying bank loans, the board meeting decided to issue 65,000 thousand new shares by cash capital increase on November 1, 2021. The benchmark date of the cash capital increase was February 24, 2022. The subscription price per share was NT\$25, and the total amount of share capital received was NT\$1,625,000 thousand, which has been fully collected.

(2) Capital surplus

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>For loss make-up, payment in cash or capitalization as equity</u>		
<u>(1)</u>		
Stock issuance premium	\$ 1,432	\$ 1,432
Differences between equity price and carrying amount arising from actual acquisition or disposal of subsidiaries	52,515	26,034
<u>Only for loss make-up</u>		
Recognition of changes in ownership interest in subsidiaries (2)	372,807	151,353
Changes in net equity of affiliates accounted for using the equity method	2,465	1,935
<u>Not for any purpose</u>		
Others	<u>69,355</u>	<u>69,355</u>
	<u>\$498,574</u>	<u>\$250,109</u>

1. Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.
2. This type of capital surplus represents the effect of equity transactions recognized for changes in the Company's equity when the Company has not actually acquired or disposed of ownership interest in the subsidiary. Among them, the Company's subsidiary Giga Diamond Materials Corporation disposed of the trust shares of its resigned employees in accordance with the trust agreement in 2021 and 2020, and the remaining amount after deducting

the amount to be distributed and returned to the employees was NT\$4,797 thousand and NT\$1222 thousand respectively, which is deemed to be a reissue after Giga Diamond Materials Corporation called back the shares. The Company included them in the capital reserve according to the shareholding ratio – changes in ownership interests of subsidiaries, with amounts of NT\$1,538 thousand and NT\$448 thousand respectively.

(3) Retained earnings and dividend policy

In accordance with the Company's earnings distribution policy as stipulated in the Articles of Association, if there is any net earnings in the Company's annual final accounts, the Company shall first pay tax, make up for accumulated losses and then set aside 10% as legal reserve in accordance with the law. If the accumulated legal reserve has reached the Company's paid-in capital, the Company may no longer set aside legal reserve. The remainder shall be set aside and reversed from special reserve as provided by law or by the competent authority. If there are still remaining earnings, the board of directors shall prepare a proposal for distribution of the remainder together with the accumulated unappropriated earnings as dividends to shareholder, and submit it to the shareholders' meeting for resolution on the distribution.

The shareholders' meeting held on July 26, 2021 approved the amendment of the Company's policy on the distribution of dividends to shareholders, which is subject to the Company's current and future investment environment, capital requirements, domestic and external competition, and capital budget, with the interests of shareholders and the Company's long-term financial planning taken into account. If the distributable earnings for the year reaches 5% of the paid-in capital, dividends shall be paid at a percentage of not less than 20% of the distributable earnings for the year; if the distributable earnings for the year does not reach 5% of the paid-in capital, no dividends may be paid. The percentage of cash dividends paid each year shall not be less than 20% of the total amount of cash and stock dividends paid in that year. The aforementioned dividend distribution percentage may be adjusted based on financial, business and operational considerations.

Please refer to Note 20(7) for the Company's policy on employee and director remuneration distribution under the Company's Articles of Association.

The legal reserve should be appropriated until the balance reaches the Company's total paid-in capital. Legal reserve may be used to make up for losses. If the

Company has no losses, the excess of legal reserve over 25% of the paid-in capital may be distributed in cash in addition to capitalization as equity.

On July 26, 2021, the shareholders' meeting of the Company passed a resolution to amend the Articles of Association to specify that when the special reserve is allocated from the net deduction of other equity accumulated in the previous period, if the undistributed surplus in the previous period is insufficient to allocate, the after-tax net income plus items other than the after-tax net income of the current period will be added into the undistributed surplus of the current period for the allocation. Before the amendment to the Articles of Association, the Company shall allocate the undistributed earnings from the previous period according to law.

The earnings distribution proposal for 2020 was approved at the general shareholders' meeting of the Company on July 26, 2021 as follows:

	2020
	Proposal for loss make-up
Loss to be made up at the beginning of the year	\$ -
Remeasurement of defined benefit plan	(2,069)
Adjustment of cash capital increase	(6,248)
Net loss for 2020	(535,475)
Disposal of equity instruments at fair value through other comprehensive income	(21,235)
Organization restructuring	(<u>6,659</u>)
Loss to be made up at the end of the year	(<u>\$571,686</u>)

The earnings distribution proposal for 2019 was approved at the regular shareholders' meeting of the Company on June 9, 2020 as follows:

	2019
Legal reserve	<u>\$ 14,689</u>
Special reserve	<u>\$132,198</u>

The loss compensation proposal for 2021 as proposed by the board meeting on March 28, 2022 is as follows:

	2021
	Proposal for loss make-up
Loss to be made up at the beginning of the year	(\$571,686)
Remeasurement of defined benefit plan	(1,025)
Net income for 2021	24,796
Disposal of equity instruments at fair value through other comprehensive income	<u>14,268</u>
Loss to be made up at the end of the year	(<u>\$533,647</u>)

The loss compensation proposal for 2021 is pending the resolution of the shareholders' meeting scheduled to be held on June 24, 2022.

(4) Special reserve

	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	\$155,982	\$ 23,784
Provision of special reserve		
2019 earnings distribution	<u>-</u>	<u>132,198</u>
Balance at the end of the year	<u>\$155,982</u>	<u>\$155,982</u>

As of December 31, 2021 and 2020, the amount of special reserve first utilized was NT\$23,784 thousand.

(5) Other equity items

1. Exchange differences on translation of financial statements of foreign operations

	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	(\$ 97,324)	(\$114,115)
Generated in the year		
Translation differences on translation of foreign operations	(4,268)	(1,950)
Share of subsidiary recognized under the equity method	(21,573)	3,483
Disposal of partial interest in a subsidiary	152	15,258
Change in recognition of ownership interest in subsidiaries	<u>208</u>	<u>-</u>
Balance at the end of the year	(<u>\$122,805</u>)	(<u>\$ 97,324</u>)

2. Unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income

	2021	2020
Balance at the beginning of the year	(\$ 75,723)	(\$145,597)
Generated in the year		
Unrealized gain or loss		
Equity instruments	2,990	30,537
Share of subsidiary under the equity method	109,825	14,167
Disposal of partial interest in a subsidiary	(109)	3,935
Transfer of accumulated gain or loss on disposal of equity instruments to retained earnings	(14,268)	21,235
Balance at the end of the year	<u>\$ 22,715</u>	<u>(\$ 75,723)</u>

20. Revenues

(1) Description of Customer Contract

Revenue recognition is recognized at a point in time. Information on revenue from customer contracts is as follows:

	2021	2020
<u>Revenue from customer contracts</u>		
Merchandise sales revenues	\$369,988	\$324,145
Revenues from construction projects	190,641	189,666
Other operating revenues	<u>16,189</u>	<u>16,643</u>
	<u>\$576,818</u>	<u>\$530,454</u>

Breakdown of revenue from customer contracts

Product type	2021	2020
Photovoltaic Ribbons	\$356,795	\$295,968
Revenues from construction projects	190,641	189,666
Revenues from sales of silicon products	1,645	-
Others	<u>27,737</u>	<u>44,820</u>
	<u>\$576,818</u>	<u>\$530,454</u>

(2) Contract balance

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable (Note 8)	<u>\$ 143,625</u>	<u>\$ 90,684</u>	<u>\$ 85,891</u>
Accounts receivable – related party	<u>\$ 19,111</u>	<u>\$ 9,627</u>	<u>\$ 2,455</u>
Contract assets			
Power Plant Construction Contract	\$ 167,117	\$ 170,113	\$ 240,042
Less: allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
Contract assets – current	<u>\$ 167,117</u>	<u>\$ 170,113</u>	<u>\$ 240,042</u>
Contract liabilities			
Merchandise Sales	\$ 1,710	\$ 1,565	\$ 2,510
Power Plant Construction Project	<u>22,194</u>	<u>2,580</u>	<u>-</u>
Contract liabilities – current (included in other current liabilities)	<u>\$ 23,904</u>	<u>\$ 4,145</u>	<u>\$ 2,510</u>

The change in contract assets is mainly due to the difference between the point at which the performance obligation is satisfied and the point at which the customer pays, and other significant changes are as follows:

	2021	2020
<u>Contract assets</u>		
Transfer of beginning balance to accounts receivable	<u>\$163,064</u>	<u>\$163,670</u>

The change in contract assets is mainly due to the difference between the point at which the performance obligation is satisfied and the point at which the customer pays. The amount of contract liabilities from the beginning of 2020 recognized as other revenue was NT\$2,303 thousand. The amount of contract liabilities from the beginning of 2021 recognized as other revenue was NT\$15 thousand.

(3) Customer contracts not yet fully performed

The allocated transaction prices and the expected timing of recognition as revenue for the outstanding performance obligations are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Power Plant Construction Contract		
Performed in 2021	\$ -	\$ 49,207
Performed in 2022	<u>16,143</u>	<u>-</u>
	<u>\$ 16,143</u>	<u>\$ 49,207</u>

21. Net Income from Continuing Operations

(1) Interest income

	<u>2021</u>	<u>2020</u>
Bank deposits	\$ 193	\$ 173
Others	<u>306</u>	<u>-</u>
	<u>\$ 499</u>	<u>\$ 173</u>

(2) Other income

	<u>2021</u>	<u>2020</u>
Rental income	\$ 31,689	\$ 29,454
Dividend income	1,078	-
Government subsidy income (Note 25)	-	7,513
Others	<u>17,200</u>	<u>26,077</u>
	<u>\$ 49,967</u>	<u>\$ 63,044</u>

(3) Other gains and losses

	<u>2021</u>	<u>2020</u>
Gain on disposal and scrapping of property, plant and equipment	\$ 112	\$ 475
Net foreign currency exchange loss	(3,918)	(6,998)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	-	(62)
Loss on disposal of investment	-	(444)
Impairment loss on non-financial assets	-	(7,046)
Other losses	<u>(8)</u>	<u>(2,062)</u>
	<u>(\$ 3,814)</u>	<u>(\$ 16,137)</u>

(4) Financial costs

	2021	2020
Interest on Bank Borrowings	\$ 27,748	\$ 19,778
Interest on lease liabilities	398	454
Amortization of short-term notes and bills payable	23	-
Amortization of long-term payables	-	5,836
Amortization of discount on corporate bonds payable	-	962
Imputed interest on deposit and others (Note 32)	12	113,253
	<u>\$ 28,181</u>	<u>\$140,283</u>

(5) Depreciation and amortization

	2021	2020
Summary of depreciation by function.		
Operating costs	\$ 19,852	\$ 16,945
Operating expenses	<u>28,073</u>	<u>34,559</u>
	<u>\$ 47,925</u>	<u>\$ 51,504</u>
Summary of amortization by function.		
Operating costs	\$ 36	\$ -
Operating expenses	<u>545</u>	<u>733</u>
	<u>\$ 581</u>	<u>\$ 733</u>

(6) Employee benefit expenses

	2021	2020
Short-term employee benefits	\$110,595	\$109,047
Share-based payment (Note 24)	-	527
Post-employment benefits		
Defined contribution plan	4,672	4,563
Defined benefit plan (Note 18)	(11)	(20)
Other employee benefits	<u>4,292</u>	<u>4,443</u>
Total employee benefit expenses	<u>\$119,548</u>	<u>\$118,560</u>
Summary by function.		
Operating costs	\$ 46,540	\$ 35,540
Operating expenses	<u>73,008</u>	<u>83,020</u>
	<u>\$119,548</u>	<u>\$118,560</u>

(7) Remuneration for employees and directors

In accordance with the Company's Articles of Association, the remuneration for employees shall not be less than 4% and not more than 8%, and the remuneration for directors shall not be more than 3%.

In 2021 and 2020, no remuneration for employees and directors was estimated due to a cumulative loss.

If there is a change in the amount of the parent company only financial statements after the date of its issuance, the amount is adjusted in the following year in accordance with the rules related to changes in accounting estimates.

The estimated remuneration for employees and directors for 2019 was approved by the board of directors on March 27, 2020 as follows:

Estimated percentage

	2019
Remuneration for employees	4%
Remuneration for directors	3%

Amount

	2019
Remuneration for employees	\$ 7,345
Remuneration for directors	\$ 5,509

There was no difference between the actual amount of employees', directors' and supervisors' remuneration paid for 2019 and the amount recognized in the standalone financial statements in 2019.

Please refer to the "Market Observation Post System" of the Taiwan Stock Exchange for information on the remuneration for employees and directors resolved by the board of directors of the Company.

22. Income tax

(1) Income tax recognized in profit or loss

The major components of income tax expense (benefits) are as follows:

	2021	2020
Current income tax		
Generated in the year	\$ -	\$ 4,058
Adjustments for prior years	(4,058)	-
Income tax expense (benefits) recognized in profit or loss	(\$ 4,058)	\$ 4,058

The reconciliation of accounting income to income tax expense is as follows:

	<u>2021</u>	<u>2020</u>
Net income (loss) before tax from continuing operations	<u>\$ 20,738</u>	<u>(\$531,417)</u>
Income tax expense (benefit) at statutory tax rate on net income (loss) before tax	\$ 4,148	(\$106,283)
Tax exempted income	-	(18,020)
Non-deductible expenses due to tax purposes	24,753	126
Deduction of unrecognized losses	79,996	18,306
Temporary difference	(108,897)	105,871
Basic tax difference payable	-	4,058
Adjustments to current income tax expenses of previous years	(<u>4,058</u>)	<u>-</u>
	<u>(\$ 4,058)</u>	<u>\$ 4,058</u>

(2) Current income tax assets and liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current income tax assets</u>		
Tax refund receivable	<u>\$ 32</u>	<u>\$ 27</u>
<u>Current income tax liabilities</u>		
Income tax payable	<u>\$ -</u>	<u>\$ 4,039</u>

(3) Deductible temporary differences and unused loss carryforwards for deferred tax assets not recognized in parent company only balance sheets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Loss carryforwards		
Expires in 2021	\$ -	\$ 50,134
Expires in 2022	417,748	417,748
Expires in 2023	414,424	414,424
Expires in 2024	463,981	463,981
Expires in 2025	505,875	505,875
Expires in 2026	22,349	22,349
Expires in 2027	780,102	780,102
Expires in 2028	1,148,158	1,148,158
Expires in 2029	728,150	728,150
Expires in 2030	32,067	32,067
Expires in 2031	<u>399,980</u>	<u>-</u>
	<u>\$ 4,912,834</u>	<u>\$ 4,562,988</u>
Deductible temporary difference	<u>\$ 1,971,065</u>	<u>\$ 2,515,036</u>

(4) The status of income tax assessment

The Company's income tax returns have been assessed by the tax authorities up to 2019.

23. Earnings Per Share

Unit: NTD per share

	2021	2020
Basic profit (loss) per share	\$ 0.09	(\$ 2.17)
Diluted profit (loss) per share	\$ 0.09	(\$ 2.17)

The weighted-average number of ordinary shares and net income (loss) used in the calculation of earnings per share are as follows:

Net income (loss) for the year

	2021	2020
Net income (loss) attributable to owners of the Company	\$ 24,796	(\$535,475)
Impact of potential ordinary shares with dilutive effect:		
After-tax interest on convertible bonds	-	-
Net income (loss) used in the calculation of diluted earnings per share	\$ 24,796	(\$535,475)

Number of shares

Unit: Thousand shares

	2021	2020
Weighted-average number of ordinary shares used in the calculation of basic earnings per share	285,906	246,454
Impact of potential ordinary shares with dilutive effect:		
Convertible corporate bonds	-	-
Weighted-average number of ordinary shares used in the calculation of basic earnings per share	285,906	246,454

If the Consolidated Company may choose to pay employees' remuneration in shares or cash, when calculating the diluted profit (loss) per share, it is assumed that the employees' remuneration will be issued in shares, and when the potential ordinary shares have a dilutive effect, they will be included in the weighted average number of outstanding shares for the calculation of the diluted profit (loss) per share. The dilutive effect of these potential ordinary shares will also continue to be considered in the

calculation of diluted profit (loss) per share before the resolution on the number of shares awarded to employees in the following year.

24. Share-Based Payment Agreement

In November 2021 and June 2020, the board meetings respectively resolved to issue rights shares, and reserved 15% and 10% of the total number of new shares respectively for subscription by employees in accordance with the Company Act. The recipients include employees of the Company and its subsidiaries who meet certain criteria. Warrant holders may immediately exercise the stock options in accordance with the measures for the issue and exercise of employee stock options after being granted the employee stock option warrants. In February 2022 and June 2020, the Company granted 1,331 and 2,863 units of employee stock options respectively, and each unit is entitled to 1,000 shares of ordinary shares. The stock options have a duration of 0.02 and 0.03 year, and the exercise price is NT\$25 and NT\$8.50 per share respectively.

Information on employee stock options of the Company and subsidiaries is as follows:

Employee stock options	January 1 to December 31, 2020	
	Unit	Weighted average exercise price (NT\$)
In circulation at the beginning of the year	-	\$ -
Granted in the year	2,863	8.5
Exercised in the year	(2,863)	8.5
In circulation at the end of the year	-	
Exercisable at the end of the year	-	
Weighted average fair value of stock options granted during the year (NT\$)	\$ 0.5	

The Company used the Black-Scholes valuation model for the employee stock options granted in June 2020, and the input values used in the valuation model were as follows:

	June 2020
Share price on the grant date(NT\$)	\$ 9
Exercise price(NT\$)	\$ 8.5
Expected volatility	3.06%
Duration(Year)	0.03
Expected rate of dividend	-
Risk-free interest rate	0.4549%

From January 1 to December 31, 2020, the Company recognized remuneration costs of NT\$1,432 thousand (of which NT\$905 thousand was recognized as remuneration costs to employees of subsidiaries, which were booked as investments accounted for using the equity method).

25. Government Subsidies

In addition to those disclosed in other notes, the Company received the following government subsidies:

On May 14, 2020, the Company applied for the Industrial Development Bureau of the Ministry of Economic Affairs to subsidize the salaries and working capital of the manufacturing and technical service industries affected by severe and special infectious pneumonia, which were approved and disbursed after examination and approval, and a total of NT\$7,695 thousand was approved. In 2020, NT\$7,513 thousand of government subsidy income was recognized and NT\$7,513 thousand of grant was received.

In accordance with the “Notice to the Ministry of Economic Affairs for Handling Applications for Salary and Operating Capital Subsidies for Enterprises in Hardship Affected by Severe and Special Infectious Pneumonia in the Manufacturing and Technical Service Industries,” the Industrial Development Bureau of the Ministry of Economic Affairs may revoke or annul the subsidies and recover all or part of the amount paid if the agreed items are not complied with.

26. Partial Acquisition or Disposal of Investment in Subsidiaries – Not Affecting Control

The subsidiaries Giga Solar Materials Corporation and Wafering Technology Corporation did not subscribe to the rights shares of Giga Diamond Materials Corporation according to the shareholding ratio on February 3, 2021, resulting in the shareholding ratio decreasing from 36.71% to 35.35%. On October 1, 2021, Giga Diamond Materials Corporation exchanged all the shares of the remaining shareholders of its subsidiary Hua Hsu Optotech Co., Ltd. by issuing new shares and paying cash, resulting in the reduction of the shareholding ratio of Giga Solar Materials Corporation and Wafering Technology Corporation from 35.35% to 32.08%.

On February 13, 2021, the subsidiary Giga Solar Materials Corporation did not subscribe to the rights shares of the subsidiary Green Energy Electrode, Inc. according to the shareholding ratio, resulting in the shareholding ratio decreasing from 50.39% to 48.39%.

The Company and its subsidiary Wafering Technology Corporation sold a total of 206 thousand shares of Giga Solar Materials Corporation in 2021. Due to the capital increase of Giga Solar Materials Corporation on June 29, 2021 and the resolution of the extraordinary shareholders' meeting on September 30, 2021, Giga Solar Materials Corporation transferred 750 thousand treasury shares to employees. The book-close date of share subscription was November 11, 2021, and the objects were the current employees of Giga Solar Materials Corporation, so the consolidated shareholding ratio decreased to 39.81%.

Since the above transaction did not change the Company's control over the subsidiary, the Company treated it as an equity transaction.

27. Information on Cash Flow

(1) Changes in liabilities from financing activities

January 1 to December 31, 2021

	January1, 2021	Cash flow	Non-Cash Changes Interest expense and amortization of discount	December 31, 2021
Short-term borrowings	\$ 1,490,814	(\$ 753,557)	\$ -	\$ 737,257
Short term notes and bills payable	-	199,315	23	199,338
Long-term borrowings	377,500	574,000	-	951,500
Deposits received	449	41,208	-	41,657
Lease liabilities	28,146	(3,752)	-	24,394
	<u>\$ 1,896,909</u>	<u>\$ 57,214</u>	<u>\$ 23</u>	<u>\$ 1,954,146</u>

January 1 to December 31, 2020

	January 1, 2020	Cash flow	Non-Cash Changes Amortization of discount	December 31, 2020
Short-term borrowings	\$ 937,961	\$ 552,853	\$ -	\$ 1,490,814
Long-term borrowings	161,500	216,000	-	377,500
Deposits received	1,458	(1,009)	-	449
Corporate bonds payable	1,199,038	(1,200,000)	962	-
Long-term payables	30,524	(36,360)	5,836	-
Lease liabilities	31,841	(3,695)	-	28,146
	<u>\$ 2,362,322</u>	<u>(\$ 472,211)</u>	<u>\$ 6,798</u>	<u>\$ 1,896,909</u>

28. Capital Risk Management

The Company conducts capital management to ensure that the Group's enterprises are able to maximize shareholder returns by optimizing debt and equity balances while continuing to operate. There were no significant changes in the Company's overall strategy.

The Company's capital structure consists of net debt (i.e. borrowings less cash) and equity (i.e. capital stock, capital surplus, retained earnings, other equity items and non-controlling interests).

29. Financial Instruments

(1) Fair value information – financial instruments not measured at fair value

The management of the Company believes that the book amount of financial assets and financial liabilities not measured at fair value either approaches its fair value or its fair value cannot be measured reliably.

(2) Fair value information – financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy.

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Investment in equity instruments	\$ -	\$ -	\$ 47,449	\$ 47,449

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Investment in equity instruments	\$ -	\$ -	\$ 44,459	\$ 44,459

There was no transfer between Level 1 and Level 2 fair value measurements in 2021 and 2020.

2. Reconciliation of financial instruments measured at fair value in Level 3

2021

	Assets
	Measured at fair value through other comprehensive income
	Stocks
Balance at the beginning of the year	\$ 44,459
Total income (loss) recognized during the year.	
Recognized in other comprehensive income (reported in “unrealized gains or losses on investments in equity instruments measured at fair value through other comprehensive income”)	2,990
Balance at the end of the year	<u>\$ 47,449</u>

2020

	Assets
	Measured at fair value through other comprehensive income
	Stocks
Balance at the beginning of the year	\$ 10,210
Total income (loss) recognized during the year.	
Recognized in other comprehensive income (reported in “unrealized gains or losses on investments in equity instruments measured at fair value through other comprehensive income”)	30,537
Acquisition	3,816
Disposal	(104)
Balance at the end of the year	<u>\$ 44,459</u>

3. Valuation techniques and input values for Level 3 fair value measurement

The following table presents the significant unobservable input values to the Company’s fair value hierarchy for assets measured at fair value on a recurring basis within Level 3 of the fair value hierarchy:

December 31, 2021

	<u>Valuation techniques</u>	<u>Significant Unobservable Input Values</u>	<u>Quantitative Information</u>	<u>Relationship between input value and fair value</u>	<u>Sensitivity analysis of the relationship between input value and fair value</u>
<u>Financial assets</u> Measured at fair value through other comprehensive income					
Stocks	Market method	Discount for lack of liquidity	30%	The higher the degree of illiquidity, the lower the fair value estimate	When the percentage of illiquidity increases (decreases) by 5%, the Company's profit or loss would decrease/increase by NT\$907 thousand to NT\$2,479 thousand.

December 31, 2020

	<u>Valuation techniques</u>	<u>Significant Unobservable Input Values</u>	<u>Quantitative Information</u>	<u>Relationship between input value and fair value</u>	<u>Sensitivity analysis of the relationship between input value and fair value</u>
<u>Financial assets</u> Measured at fair value through other comprehensive income					
Stocks	Market method	Discount for lack of liquidity	30%	The higher the degree of illiquidity, the lower the fair value estimate	When the percentage of illiquidity increases (decreases) by 5%, the Company's profit or loss would decrease/increase by NT\$512 thousand to NT\$2,651 thousand.

The Company's finance and investment departments are responsible for conducting fair value tests to ensure that the valuation results approximate market conditions, that the sources of information are independent, reliable, consistent with other resources and representative of realizable prices, and that changes in the value of assets and liabilities that are subject to remeasurement or re-evaluation in accordance with the Company's accounting policies are analyzed at each reporting date to ensure that the valuation results are reasonable.

(3) Type of Financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 383,016	\$ 681,471
Financial assets measured at fair value through other comprehensive income	47,449	44,459
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	2,021,587	1,931,896

Note 1: The balance consisted of financial assets measured at amortized cost, such as cash, notes and accounts receivable and accounts receivable – related party, net, other receivables, other receivables – related party, refundable deposits and other financial assets.

Note 2: The balance consisted of financial liabilities measured at amortized cost, including short-term borrowings, notes payable, accounts payable, other payables, bonds payable, long-term borrowing, long-term bank borrowings due within one year, corporate bonds due or subject to exercise of right of sale within one year, long-term payables and deposits received.

(4) Objectives and Policies of Financial Risk Management

The Company's major financial instruments include investments in equity instruments, accounts receivable, accounts payable, corporate bonds payable, borrowings and lease liabilities. The Company's financial management department provides services to each business unit, coordinates the operation of access to domestic financial markets, and monitors and manages financial risks associated with the Company's operations through internal risk reports that analyze risk exposures based on risk degree and breadth. These risks include market risk (which includes exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

The Company uses derivative financial instruments to hedge its exposure in risk in order to mitigate the impact of these risks. The use of derivative financial instruments is governed by the policies approved by the Company's board of directors, which are the written principles for exchange rate risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of surplus circulating capital. Internal auditors review policy compliance and risk limits on an ongoing basis. The Company does not trade in financial instruments (including derivative financial instruments) for speculative purposes.

The financial management department reports to the board of directors of the Company on a quarterly basis.

1. Market risk

The main financial risks to which the Company is exposed as a result of its operating activities are changes in foreign currency exchange rates (see (1) below) and changes in interest rates (see (2) below). The Company engages in

various derivative financial instruments to manage its exposure to foreign currency exchange rate and interest rate risk.

There have been no changes in the Company's exposure to market risk of financial instruments and the way it manages and measures such exposures.

(1) Exchange rate risk

The Company's exposure to exchange rate risk relates primarily to operating activities (when revenues or expenses are denominated in currencies different from the Company's functional currency) and net investments in foreign operations.

A portion of the Consolidated Company's foreign currency receivables and payables are denominated in the same currency, in which case, a natural hedge is created. The Consolidated Company does not apply hedge accounting because the aforementioned natural hedge and the management of exchange rate risk by means of swap contracts do not meet the requirements of hedge accounting; in addition, the net investment in foreign operations is a strategic investment and therefore the Consolidated Company does not hedge it.

The carrying amounts of monetary assets and monetary liabilities denominated in a currency other than the functional currency (including monetary items denominated in a currency other than the functional currency that have been written off in the consolidated financial statements) and the carrying amounts of derivatives with exchange rate risk exposure as of the balance sheet date are described in Note 33.

Sensitivity analysis

The Company is primarily affected by fluctuations in the USD exchange rate.

The following table details the sensitivity analysis of the Company when the exchange rate of the NTD (functional currency) increases and decreases by 1% against each relevant foreign currency. The sensitivity analysis includes only foreign currency monetary items in circulation and adjusts their period-end translation by a 1% change in exchange rates. The positive numbers in the following table represent the increase in net income before tax if the NTD weakens by 1% against the respective currencies, and the negative numbers for the same amount represent the

decrease in net income before tax if the NTD strengthens by 1% against the respective currencies.

	Impact of USD	
	2021	2020
Gains	\$ 1,733	\$ 897

(2) Interest rate risk

Interest rate risk arises because entities within the Company borrow funds at both fixed and floating rates. The Company manages interest rate risk by maintaining an appropriate mix of fixed and floating rates; however, hedge accounting is not applied because the Company does not meet the requirements for hedge accounting.

The carrying amounts of financial assets and financial liabilities exposed to interest rate risk as of the balance sheet date were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fair value interest rate risk		
- Financial assets	\$ 1,205	\$ 1,200
- Financial liabilities	24,394	28,146
Cash flow interest rate risk		
- Financial assets	194,107	131,514
- Financial liabilities	1,888,095	1,868,314

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of derivative and non-derivative instruments as of the balance sheet date. For floating rate assets (liabilities), the analysis assumes that the amount of the liability outstanding at the balance sheet date is outstanding during the reporting period. The rate of change used in reporting interest rates internally to key management is a 1% basis point increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

If the floating rate had increased/decreased by 1%, with all other variables held constant, the Company's net income before tax would have decreased/increased by NT\$16,940 thousand and increased/decreased by NT\$17,368 thousand for 2021 and 2020, respectively.

(3) Other price risk

The fair value of the Company's unlisted equity securities may be affected by the uncertainty of the future value of these underlying securities. The fair value of the Company's unlisted equity securities are measured at fair value through other comprehensive income. The Company manages the price risk of equity securities by diversifying its investments and setting limits on its investments in equity securities, both individually and in the aggregate. Portfolio information on equity securities is provided to the Company's senior management on a regular basis, and the Board of Directors is required to review and approve all investment decisions on equity securities.

Sensitivity analysis

The sensitivity analysis of the price risk of equity instruments is mainly based on the changes in fair value at the end of the financial reporting period.

If the equity instrument price had increased/decreased by 10%, the Company's equity value would have increased/decreased by NT\$4,745 thousand and NT\$4,446 thousand for 2021 and 2020, respectively.

For the fair value hierarchy of other equity instruments in Level 3, please refer to Note 29(2) for sensitivity analysis information.

2. Credit risk

Credit risk refers to the risk of financial loss due to default on contract obligations by the counterparties. The Company's credit risk is attributable to operating activities (mainly accounts receivable and notes) and financial activities (mainly bank deposits and various financial instruments).

Each unit of the Company manages credit risk in accordance with its policies, procedures and controls over credit risk. The credit risk of all counterparties is evaluated by taking into account the financial condition of the counterparties, the ratings of credit rating agencies, historical transaction experience, the current economic environment and the Company's internal rating standards. The Company also uses certain credit enhancement tools (such as advance receipts) at appropriate times to reduce the credit risk of specific counterparties.

As of December 31, 2021 and 2020, the percentages of receivables from the top ten customers to the Company's total receivables were 75% and 93%,

respectively, and the credit concentration risk of the remaining receivables was relatively insignificant.

The Finance Department manages the credit risk of bank deposits, fixed-income securities and other financial instruments in accordance with the Company's policies. Since the Corporation's counterparties are determined by internal control procedures and are creditworthy banks and investment-grade financial institutions, corporate organizations and government agencies, there is no significant credit risk.

3. Liquidity risk

The Company manages and maintains sufficient positions of cash to support the Group's operations and mitigate the impact of cash flow fluctuations. The Company's management monitors the use of bank financing lines and ensures compliance with the terms of the loan agreements.

The Company's financial position as of December 31, 2021 was subject to the liquidity risk of current liabilities exceeding current assets. In order to improve its operating condition, the Company has been actively transforming and increasing its domestic power plant construction project business and wafer processing business in order to continuously improve its operations and increase profitability. At the same time, the Company has disposed of some of its long-term investments and completed the renewal of its bank loan facilities, and continues to negotiate and sign new long-term secured loan facilities with banks to meet short-term capital needs and improve liquidity risk.

In order to meet the demand of repaying bank loans, the board meeting decided to issue 65,000 thousand rights shares on November 1, 2021. The book-close date of the rights shares was February 24, 2022 with a face value of NT\$10. The subscription price per share was NT\$25, and the total amount of share capital received was NT\$1,625,000 thousand, which has been fully collected to meet the demand for repayment of bank loans and improve liquidity risk.

Bank loans are an important source of liquidity for the Company. See (2) below for a description of the Company's unused financing lines.

(1) Liquidity and interest rate risk of non-derivative financial liabilities

The analysis of the remaining contractual maturities of non-derivative financial liabilities has been prepared based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Company could be required to make repayment. Therefore, bank loans that the Company may be required to repay immediately are shown in the earliest period of the below table, without regard to the probability that the bank will enforce the right immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the curve of the yield rate at the balance sheet date.

December 31, 2021

	Less than 1 year	1–3 years	4–5 years	More than 5 years	Total
Accounts payable	\$ 111,914	\$ -	\$ -	\$ -	\$ 111,914
Borrowing	1,192,680	474,103	263,680	-	1,930,463
Lease liabilities	4,013	7,227	7,227	7,227	25,694
	<u>\$ 1,308,607</u>	<u>\$ 481,330</u>	<u>\$ 270,907</u>	<u>\$ 7,227</u>	<u>\$ 2,068,071</u>

Further information on the maturity analysis of the financial liabilities above is as follows:

	Less than 1 year	1–5 years	5–10 years	10–15 years	15–20 years	More than 20 years
Floating interest rate	\$ 939,284	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed interest rate	253,396	737,783	-	-	-	-
Lease liabilities	4,013	14,454	7,227	-	-	-
	<u>\$1,196,693</u>	<u>\$ 752,237</u>	<u>\$ 7,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2020

	Less than 1 year	1–3 years	4–5 years	More than 5 years	Total
Accounts payable	\$ 619,955	\$ -	\$ -	\$ -	\$ 619,955
Borrowing	1,590,949	252,374	50,593	-	1,893,916
Lease liabilities	4,149	7,627	7,227	10,840	29,843
	<u>\$ 2,215,053</u>	<u>\$ 260,001</u>	<u>\$ 57,820</u>	<u>\$ 10,840</u>	<u>\$ 2,543,714</u>

Further information on the maturity analysis of the financial liabilities above is as follows:

	Less than 1 year	1–5 years	5–10 years	10–15 years	15–20 years	More than 20 years
Floating interest rate	\$1,501,269	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed interest rate	89,680	302,967	-	-	-	-
Lease liabilities	4,149	14,854	10,840	-	-	-
	<u>\$1,595,098</u>	<u>\$ 317,821</u>	<u>\$ 10,840</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Financing line limit

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured bank overdraft limit (Revisited every year)		
- Amount used	\$ 323,512	\$ 429,730
- Amount unused	<u>197,988</u>	<u>335,270</u>
	<u>\$ 521,500</u>	<u>\$ 765,000</u>
Secured bank overdraft limit		
- Amount used	\$ 1,380,000	\$ 1,490,000
- Amount unused	<u>270,000</u>	<u>100,000</u>
	<u>\$ 1,650,000</u>	<u>\$ 1,590,000</u>

30. Related Party Transactions

In addition to those disclosed in other notes, the transactions between the Company and other related parties are as follows:

(1) Name and relationship of related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Wole Max Green Power Co., Ltd.	Affiliated enterprise
Ya Fei Solar Energy Co., Ltd.	Affiliated enterprise
Hunjin Enterprise Inc.	Affiliated enterprise
Giga Whole Energy Co., Ltd.	Affiliated enterprise
Whole Wing Energy Co., Ltd.	Affiliated enterprise
Whole Fund Energy Co., Ltd.	Affiliated enterprise
Yuandeng Solar Energy Co., Ltd.	Affiliated enterprise
Tron Energy Technology Corporation	Affiliated enterprise
Landian Solar Energy Co., Ltd.	Affiliated enterprise
Lanjing Volt Co., Ltd.	Affiliated enterprise
Huiqun Energy Co., Ltd.	Affiliated enterprise
UJGIGA Co., Ltd.	Affiliated enterprise
Yiguang Energy Co., Ltd.	Affiliated enterprise (Note 1)
Yijia Energy Co., Ltd.	Affiliated enterprise (Note 1)
Yichia Energy Co., Ltd.	Affiliated enterprise (Note 1)

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Name of related party	Relationship with the Company
Yijshin Energy Co., Ltd.	Affiliated enterprise (Note 1)
Yihui Energy Co., Ltd.	Affiliated enterprise (Note 1)
Ligao Optoelectronics Co., Ltd.	Affiliated enterprise
Lichao Optoelectronics Co., Ltd.	Affiliated enterprise (Note 2)
Suefu Co., Ltd.	Affiliated enterprise (Note 2)
Giga Solar Green Power Co., Ltd.	Joint venture
Giga Solar No.1 Co., Ltd.	Joint venture (Note 3)
Giga Solar No.2 Co., Ltd.	Joint venture (Note 3)
Giga Solar No.3 Co., Ltd.	Joint venture (Note 3)
Shuoyitai Green Energy Co., Ltd.	Joint venture (Note 4)
Jieshuo Co., Ltd.	Joint venture (Note 5)
Giga Solar Materials Corporation	Subsidiaries
Ho Mi Specialty Materials Corporation	Subsidiaries
Wafering Technology Corporation	Subsidiaries
Tron Energy Technology Corporation	Subsidiaries
Giga Diamond Materials Corporation	Subsidiaries
Whole Sun Green Power Co., Ltd.	Subsidiaries
Yancheng Giga Diamond Materials Corporation	Subsidiaries
Global Acetech Co., Ltd.	Subsidiaries
Hua Hsu Optotech Co., Ltd.	Subsidiaries

Note 1: The company is 100% owned by Wole Max Green Power Co., Ltd. and is listed as an affiliated enterprise after evaluation.

Note 2: The company is 100% owned by Ligao Optoelectronics Co., Ltd. and is listed as an affiliated enterprise after evaluation.

Note 3: The company is 100% owned by Giga Solar Green Power Co., Ltd. and is listed as a joint venture after evaluation.

Note 4: The Company increased its capital in August 2021 and holds 35% of Shuoyitai Green Energy Co., Ltd., and it is listed as a joint venture after evaluation.

Note 5: The Company increased its capital in November 2021 and holds 49.9% of Jieshuo Co., Ltd., and it is listed as a joint venture after evaluation.

(2) Operating revenues

Account item	Type/name of related party	2021	2020
Sales revenues	Subsidiaries	\$ 4,648	\$ 10,925
	Affiliated enterprise	14,974	14,508
		<u>\$ 19,622</u>	<u>\$ 25,433</u>
Revenues from construction projects	Joint venture		
	Giga Solar Green Power Co., Ltd.	\$ 75,947	\$ 82,681
	Ligao Optoelectronics Co., Ltd.	57,148	48,459
	Lichao Optoelectronics Co., Ltd.	<u>49,892</u>	<u>51,202</u>
		<u>\$ 182,987</u>	<u>\$ 182,342</u>

The above sale prices are agreed upon by both parties and there is no fixed percentage of price increase.

(3) Purchases

Type/name of related party	2021	2020
Subsidiaries	<u>\$ 1,066</u>	<u>\$ 16,077</u>

The above purchase prices are agreed upon by both parties and there is no fixed percentage of price increase.

(4) Contract assets

Type/name of related party	2021	2020
Joint venture		
Giga Solar Green Power Co., Ltd.	<u>\$ 29,226</u>	<u>\$ 7,619</u>
Affiliated enterprise		
Lichao Optoelectronics Co., Ltd.	\$ 5,564	\$ 31,815
Ligao Optoelectronics Co., Ltd.	-	34,245
Others	<u>1,873</u>	<u>-</u>
	<u>\$ 7,437</u>	<u>\$ 66,060</u>

(5) Receivables from related parties

Account item	Type/name of related party	December 31, 2021	December 31, 2020
Accounts receivables	Subsidiaries	\$ 611	\$ 611
	Affiliated enterprise	18,500	9,016
		<u>\$ 19,111</u>	<u>\$ 9,627</u>
Other receivables	Subsidiaries	\$ 6,369	\$ 6,734
	Affiliated enterprise	245	1,286
	Joint venture	696	40
		<u>\$ 7,310</u>	<u>\$ 8,060</u>

(6) Payables to related parties

Account item	Type/name of related party	December 31, 2021	December 31, 2020
Accounts payable	Subsidiaries	<u>\$ 189</u>	<u>\$ 1,111</u>
Other payables	Subsidiaries	<u>\$ 1,035</u>	<u>\$ 959</u>

(7) Contract liabilities

Type/name of related party	2021	2020
Affiliated enterprise		
Lichao Optoelectronics Co., Ltd.	\$ 4,462	\$ -
Lanjing Volt Co., Ltd.	1,569	1,569
Landian Solar Energy Co., Ltd.	<u>1,011</u>	<u>1,011</u>
	<u>\$ 7,042</u>	<u>\$ 2,580</u>

(8) Acquisition of marketable securities

Type/name of related party	Acquisition price	
	2021	2020
Subsidiaries		
Whole Sun Green Power Co., Ltd.	<u>\$ -</u>	<u>\$366,622</u>

(9) Property, plant and equipment acquired

<u>Type/name of related party</u>	<u>Acquisition price</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries		
Giga Solar Materials Corporation	<u>\$ -</u>	<u>\$ 142</u>

(10) Disposal of property, plant and equipment

	<u>Sale Price</u>		<u>Gain on disposal</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Subsidiaries	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ -</u>

(11) Lending to related parties

Interest income

<u>Type/name of related party</u>	<u>2021</u>	<u>2020</u>
Subsidiaries	<u>\$ 291</u>	<u>\$ -</u>

The interest income above is mainly generated from the loan of funds in response to the short-term working capital needs of subsidiaries. The interest income is calculated by multiplying the balance of outstanding loans by an annual interest rate of 2.50%.

(12) Related party transactions

The Company participated in the rights shares of Tron Energy Technology Corporation in August 2021 with an investment amount of NT\$49,950 thousand, and acquired 666 shares. The shareholding ratio is 1.11%.

(13) Lease agreement

<u>Account item</u>	<u>Type/name of related party</u>	<u>2021</u>	<u>2020</u>
Lease liabilities	Subsidiaries		
	Giga Solar Materials Corporation	<u>\$ 23,997</u>	<u>\$ 27,224</u>
Interest expense	Subsidiaries		
	Giga Solar Materials Corporation	<u>\$ 386</u>	<u>\$ 434</u>

Type/name of related party	2021	2020
<u>Rental income</u>		
Subsidiaries		
Giga Solar Materials Corporation	\$ 18,083	\$ 17,123
Ho Mi Specialty Materials Corporation	1,875	1,875
Others	888	896
Affiliated enterprise	204	134
Joint venture	99	79
	<u>\$ 21,149</u>	<u>\$ 20,107</u>

(14) Others

Other transactions between the Company and its subsidiaries are summarized as follows:

Item	2021	2020
Advance receipts	\$ 38	\$ 93
Payments for others	-	15,952
Miscellaneous purchases	-	173
Other income	12,081	14,737
Repair and maintenance expenses	-	5

Other transactions between the Company and affiliates are summarized as follows:

Item	2021	2020
Advance receipts	\$ 45	\$ 31
Payments for others	-	36
Other income	2,819	1,003

Other transactions between the Company and joint ventures are summarized as follows:

Item	2021	2020
Advance receipts	\$ 54	\$ 38
Payments for others	-	1
Other income	453	419

(15) Salary for key management

	2021	2020
Short-term employee benefits	\$ 14,612	\$ 17,981
Post-employment benefits	266	577
	<u>\$ 14,878</u>	<u>\$ 18,558</u>

The remuneration for directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

31. Pledged Assets

The following assets have been provided as collateral for financing loans, litigation guarantee deposits, tariff guarantees for imported raw materials or performance and lease guarantees:

Item	December 31, 2021	December 31, 2020	Content of secured debts
Property, plant and equipment (including investment property)	\$ 442,610	\$ 450,126	Bank borrowings
Refundable deposits	152	432,654	Processed the lodgment of collateral with the lodgment office of the Hsinchu District Court and the deposit of court cost, etc. for the Philips lawsuit.
Other financial assets – current and non-current	16,214	16,203	Customs bonds, performance bonds, commodity bonds, lease bonds and bank loans
Shares of subsidiaries (Giga Solar Materials Corporation)	<u>1,575,179</u>	<u>1,354,988</u>	Bank loans, short-term bills payable and project performance guarantees
	<u>\$ 2,034,155</u>	<u>\$ 2,253,971</u>	

32. Significant Contingent Liabilities and Unrecognized Contract Commitments

- (1) As of December 31, 2021, the outstanding balance of letters of credit of the Company was about NT\$14,755 thousand.
- (2) The Company has entered into the following product licensing agreements with the following companies:

Company name	Payment of royalties for products	Contract Year	Valid period	Calculation of royalties
Industrial Technology Research Institute	Coating-related products	December 2005	20 years	Calculated based on product sales, payable annually

- (3) Koninklijke Philips Electronics N.V. (“Philips”) filed a civil lawsuit against the Company on April 28, 2014, claiming that the DVD-R and DVD-RW products manufactured and sold by the Company infringe upon Philips’ patent No. 82864 in the Republic of China (“Patent at Issue”), and requesting the Company to pay compensation of NT\$10,000 thousand plus interest at 5% per annum from the day following the service of the complaint to the date of settlement. On May 13, 2015, Philips requested the Taiwan Intellectual Property Court to expand the amount of the original patent infringement lawsuit filed against Philips from NT\$10,000 thousand

to NT\$1,050,000 thousand. On March 29, 2016, the Intellectual Property Court ruled in the first instance that the Company should compensate Philips for NT\$10,500 thousand plus interest at 5% per annum from June 25, 2015 to the date of settlement, and dismissed the rest of Philips' claims. The Company and Philips filed appeals to the Intellectual Property Court for the 2nd instance against the judgment of the first trial. The second instance of the Intellectual Property Court ruled on June 29, 2017 that the Company should return NT\$1,050,000 thousand to Philips as unjust enrichment, and therefore the Company has already recorded in the accounting books the amount of the second instance judgment plus interest. The Company reappointed professional lawyers to appeal to the Supreme Court against the aforementioned second instance judgment of the Intellectual Property Court. The Supreme Court ruled on September 26, 2018 that the original judgment ordering the Company to pay and dismissing the Company's appeal and the portion related to the court costs were reversed and remanded to the Intellectual Property Court. Therefore, the Company reversed the full amount of the potential compensation from the original intellectual property court's second instance verdict in accordance with the Supreme Court's ruling.

The judgment of the Intellectual Property Court adjudicating the case was pronounced on May 14, 2020. The Intellectual Property Court ruled that the Company should pay Philips an additional NT\$409,885 thousand, plus interest at 5% per annum from June 25, 2015 to the date of settlement. The portion of the payment ordered by the judgment may be provisionally executed with a guarantee of NT\$136,630 thousand issued by Philips or a promissory note of the same amount by Citi Taiwan Limited. However, if the Company provides security in advance for Philips with NT\$ 409,885 thousand, it is exempted from provisional execution. The Company has estimated and booked the amount of the intellectual property court judgment plus interest.

After receiving the judgment of the Intellectual Property Court on May 25, 2020, the Company deposited an advance guarantee of NT\$409,885 thousand with the Hsinchu District Court in accordance with the law to be exempted from pseudo execution, and obtained the performance guarantee amount of NT\$409,885 thousand from Shanghai Commercial Bank on September 28, 2020. On September 30, 2020, the Company obtained a ruling from the Intellectual Property Court to replace the original lodgment with the performance guarantee from the Shanghai Commercial Bank and

on January 18, 2021, the Company received back the lodgment of NT\$409,885 thousand and its interest. The Company pledged 3,183 thousand shares of Giga Solar Materials Corporation's stock under the performance guarantee contract with Shanghai Commercial Bank and lodged NT\$160,000 thousand in a demand deposit reserve account in January 2021.

The Company has officially signed a confidential settlement agreement with Philips on April 28, 2021, which has come into force on April 30, 2021. According to the settlement agreement, both Philips and the Company withdrew their appeal on May 13, 2021; the Company withdrew the Shanghai Commercial Bank guarantee deposited with the court in June 2021, withdrew the NT\$160,000 thousand deposited in the demand deposit reimbursement account, and then withdrew the rest of the cash deposited with the court on June 21, 2021. All litigation and non-litigation proceedings between the company and Philips have been concluded.

33. Information on Foreign Currency Assets and Liabilities with Significant Effect

The following information is expressed in aggregate in foreign currencies other than the Company's functional currency, and the exchange rates disclosed refer to the rates at which such foreign currencies are converted to the functional currency. Information on foreign currency assets and liabilities with significant effect is as follows:

	Foreign currency	Exchange rate	Book value
<u>December 31, 2021</u>			
<u>Financial assets</u>			
Monetary items			
USD	\$ 6,841	27.68	\$ 189,348
RMB	32	4.344	141
JPY	408	0.2405	98
<u>Financial liabilities</u>			
Monetary items			
USD	580	27.680	16,060
<u>December 31, 2020</u>			
<u>Financial assets</u>			
Monetary items			
USD	3,782	28.48	107,719
RMB	32	4.377	142
EUR	7	35.02	232
JPY	408	0.276	113

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	Foreign currency	Exchange rate	Book value
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 632	28.48	\$ 18,009
RMB	17	4.377	76

The Company's net foreign currency exchange loss (realized and unrealized) was NT\$3,918 thousand and NT\$6,998 thousand for 2021 and 2020, respectively. Due to the variety of foreign currency transactions, it is not possible to disclose the exchange gains and losses by each currency of significant impact.

34. Additional Disclosure

(1) Information on major transactions and (ii) invested enterprise

1. Lending funds to others (Exhibit 1)
2. Endorsement and guarantee for others (Exhibit 2)
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated enterprises and joint ventures) (Exhibit 3)
4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital. (None)
5. Acquisition of real estate exceeding NT\$300 million or 20% of paid-in capital or more. (Exhibit 4)
6. Disposal of real estate exceeding NT\$300 million or 20% of paid-in capital or more. (None)
7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more. (Exhibit 5)
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more. (Exhibit 6)
9. Engagement in derivative transactions. (None)
10. Information on Investees (Exhibit 7)

- (3) Information on investment in Mainland China
1. The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount at the end of the period, repatriated investment gains and losses, and investment quota for Mainland China. (Exhibit 8)
 2. Please refer to Exhibits 1 and 2 and Note 30 for the following significant transactions with Mainland China investees directly or indirectly through third regions, as well as their prices, payment terms, and unrealized profits or losses.
 - (1) The amount and percentage of purchases and the related ending balance and percentage of payables.
 - (2) The amount and percentage of sales and the related ending balance and percentage of receivables.
 - (3) The amount of property transactions and the amount of resulting gains or losses.
 - (4) The ending balance of endorsement guarantee of bills or the provision of collateral and its purpose.
 - (5) The maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation
 - (6) Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.
- (4) Information on major shareholders: Name, number and percentage of shares held by shareholders with 5% or more of the shares. (None)

Gigastorage Corporation
Lending Funds to Others
January 1 to December 31, 2021

Exhibit 1

Units: NTD thousands, unless otherwise stated

Number	The lending company of funds	The borrower of funds	Transactions	Related party or not	Highest balance in the period	Balance at the end of the period	Actual amounts drawn	Interest range	Nature of funds lending	Amount of business dealings	Reasons for the necessity of short-term financial accommodation	Provision of allowance for doubtful accounts	Collateral		The limit for individual funds lending	The limit for total funds lending	Remarks
													Name	Value			
0	Gigastorage Corporation	Wafering Technology Corporation	Other receivables	Yes	\$ 30,000	\$ -	\$ -	2.5%	Short-term financial accommodation	\$ -	—	\$ -	No	\$ -	\$ 289,457 (Note 2)	\$ 1,157,826 (Note 2)	—
1	Giga Solar Materials Corporation	Yancheng Giga Solar Materials Corporation	Other receivables (Note 1)	Yes	1,103,216 (CNY 253,963)	703,568 (CNY 161,963)	703,568 (CNY 161,963)	-	Business dealings	960,771	—	-	No	—	960,771 (Note 2)	2,563,646 (Note 2)	—
2	Whole Sun Green Power Co., Ltd.	Sunshine Solar Power Generation Co., Inc.	Other receivables	Yes	470,105 (USD 16,984)	259,737 (USD 9,384)	259,737 (USD 9,384)	2%	Short-term financial accommodation	-	To meet the operational needs of subsidiary	-	No	-	592,267 (Note 3)	888,400 (Note 3)	—
3	Green Energy Electrode, Inc.	Yancheng Green Energy Electrode Crop.	Other receivables	Yes	44,288 (USD 1,600)	44,288 (USD 1,600)	44,288 (USD 1,600)	1%	Short-term financial accommodation	-	To meet the operational needs of subsidiary	-	No	-	55,502 (Note 7)	111,005 (Note 7)	—
		Green Energy Electrode, Inc.(Samoa)	Other receivables	Yes	8,304 (USD 300)	8,304 (USD 300)	8,304 (USD 300)	1%	Short-term financial accommodation	-	To meet the operational needs of subsidiary	-	No	-	55,502 (Note 7)	111,005 (Note 7)	—
4	Green Energy Electrode, Inc. (Samoa)	Yancheng Green Energy Electrode Crop.	Other receivables	Yes	8,304 (USD 300)	8,304 (USD 300)	8,304 (USD 300)	1%	Short-term financial accommodation	-	To meet the operational needs of subsidiary	-	No	-	25,992 (Note 7)	51,984 (Note 7)	—
5	Wisdom Field Limited	Sunshine Solar Power Generation Co., Inc.	Other receivables	Yes	193,760 (USD 7,000)	193,760 (USD 7,000)	193,760 (USD 7,000)	2%	Short-term financial accommodation	-	To meet the operational needs of subsidiary	-	No	-	184,769 (Notes 3 and 8)	277,153 (Note 3)	—
6	Merchant Energy PTE., Ltd.	Sunshine Solar Power Generation Co., Inc.	Other receivables	Yes	130,096 (USD 4,700)	130,096 (USD 4,700)	130,096 (USD 4,700)	2%	Short-term financial accommodation	-	To meet the operational needs of subsidiary	-	No	-	109,704 (Notes 3 and 8)	164,557 (Note 3)	—
7	Eiwa Electric Power Co., Inc.	Giga Solar Materials Corporation	Other receivables	Yes	240,500 (JPY1,000,000)	- (JPY -)	- (JPY -)	1.6%	Short-term financial accommodation	-	To meet the operational needs	-	No	-	615,931 (Note 5)	615,931 (Note 5)	—
8	Giga Diamond Materials Corporation	Yancheng Giga Diamond Materials Corporation	Other receivables	Yes	209,814 (USD 7,580)	157,499 (USD 5,690)	157,499 (USD 5,690)	1%	Short-term financial accommodation	-	To meet the operational needs of subsidiary	-	No	-	266,116 (Note 4)	266,116 (Note 4)	—
		Hua Hsu Optotech Co., Ltd.	Other receivables	Yes	30,000	25,000	25,000	3%	Short-term financial accommodation	-	To meet the operational needs of subsidiary	-	No	-	266,116 (Note 4)	266,116 (Note 4)	—

Note 1: It refers to the other receivables recognized instead due to the fact that the receivables of related parties exceeded a certain period of normal credit extension period, and the loan nature was approved by the board meeting of Giga Solar Materials Corporation on November 11, 2021.

Note 2: The amount of funds lending to individual shall not exceed 10% of the current net worth of the lending company, and the total amount of funds lending shall not exceed 40% of the current net worth of the lending company; for companies that have business dealings with the Company, the amount of individual funds lending shall not exceed the amount of business dealings between the two parties, and the total amount of funds lending from the Company shall not exceed 40% of the Company's net worth.

Note 3: The total amount of funds lending shall not exceed 60% of the net worth of the lending company, and the total amount of funds lending to companies with short-term financial accommodation needs shall not exceed 40% of the net worth of the lending company. If the lending company directly or indirectly owns more than 50% of the voting shares of a subsidiary or a subsidiary that is included as a consolidated entity under IFRSs, the amount of individual funds lending is limited to 40% of the Company's net worth; the amount of individual funds lending to other parties is limited to 10% of the Company's net worth.

Note 4: The total amount of funds lending shall not exceed 40% of the Company's net worth, and the amount of funds lending to individual companies that are affiliated with the Company with short-term financing accommodation needs shall be limited to 40% of the Company's net worth; for other parties, the amount shall not exceed 10% of the Company's net worth.

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Note 5: The total amount of funds lending by Eiwa Electric Power Co., Inc. shall be limited to no more than 2% of its most recent net worth. The amount of individual funds lending to the parent company that directly or indirectly holds 100% of its voting shares is limited to 2000% of the Company's net worth. For subsidiaries in which more than 50% of the voting shares are directly or indirectly held and are in needs for short-term financial accommodation as well as those included in the consolidated entities under IFRSs, the amount of individual funds lending is limited to 40% of its most recent net worth.

Note 6: If foreign currencies are involved, they are converted into New Taiwan dollars at the exchange rate on the date of the financial report (the ending exchange rate is 1 RMB = 4.3440 NT\$, 1 USD = 27.68 NTD and 1 JPY = 0.2405 NTD).

Note 7: The total amount of funds lending shall not exceed 40% of the Company's most recent net worth, and the amount of funds lending to individual companies that are affiliated with the Company for short-term financing accommodation shall be limited to 20% of the Company's most recent net worth; for other parties, the amount shall not exceed 10% of the Company's most recent net worth.

Note 8: The capital loan and ending balance exceeded the limit; the subsidiary Whole Sun Green Power Co., Ltd. formulated an improvement plan on December 8, 2021 which has been approved by the board meeting, and will complete the improvement according to the planned schedule.

Note 9: NT\$748,644 thousand was recognized as other receivables due to the fact that the receivables of Giga Solar Materials Corporations from Yancheng Giga Diamond Materials Corporation exceeded a certain period of normal credit extension period, and the loan nature was approved by the board meeting of Giga Solar Materials Corporation on January 24, 2022.

Gigastorage Corporation
Endorsement and Guarantee for Others
January 1 to December 31, 2021

Exhibit 2

Units: NTD thousands, unless otherwise stated

Num ber	Name of the company providing endorsement and guarantee	Party endorsed and guaranteed		Limit for endorsement and guarantee for a single enterprise	Balance of the maximum endorsement and guarantee for the period	Balance of endorsement and guarantee at the end of the period	Actual amounts drawn	Amount of endorsement and guarantee by property	Percentage of cumulative endorsements and guarantees to net worth of the most recent financial statements (%)	Limit for Maximum Endorsement and Guarantee	Parent company endorse- ment and guarantee for subsidiary	Subsi- diary endorse- ment and guarantee for parent company	Endorse- ment and guarantee for Mainland China	Remarks
		Company name	Relationship											
1	Giga Diamond Materials Corporation	Yancheng Giga Diamond Materials Corporation	2	\$ 665,291 (Note 1)	\$ 208,512	\$ 186,792	\$ 121,082	\$ 129,582	28.08	\$ 665,291	Y	—	Y	—

Note 1: According to Giga Diamond Materials Corporation's "Operating Procedures for Endorsements and Guarantee," the total amount of endorsement and guarantee shall not exceed 100% of the net worth of the current period, among which the endorsement and guarantee limit for a single enterprise shall not exceed 10% of the net worth of the current period, except for the subsidiaries directly or indirectly invested by Giga Diamond Materials Corporation. The total amount of endorsements and guarantee by Giga Diamond Materials Corporation and its subsidiaries as a whole shall not exceed 100% of the Company's net worth, and the endorsement and guarantee for a single enterprise shall not exceed 10% of the Giga Diamond Materials Corporation's net worth.

Note 2: If foreign currencies are involved, they are converted into New Taiwan dollars at the exchange rate on the date of the financial report (the ending exchange rate is 1 RMB = 4.3440 NT\$, 1 USD = 27.68 NTD and 1 JPY = 0.2405 NTD).

Gigastorage Corporation
Marketable Securities Held at the End of the Period
December 31, 2021

Exhibit 3

Units: NTD thousands, unless otherwise stated

.Subsidiaries held	Type of marketable securities	Name of marketable securities	Relationship with the issuer of marketable securities	Booked account	End of the period				Remarks
					Unit	Book value	Shareholding ratio (%)	Fair value	
Gigastorage Corporation	Stocks	Prorit Corporation	—	Financial assets measured at fair value through other comprehensive income – non-current	3,942,205	\$ 12,812	1.26	\$ 12,812	—
	Stocks	New Land Packing Corporation	—	Financial assets measured at fair value through other comprehensive income – non-current	2,155,410	34,637	11.97	34,637	—
Wafering Technology Corporation	Stocks	Big Sun Energy Technology Inc.	The Company is its corporate director	Financial assets measured at fair value through other comprehensive income – non-current	8,000,000	-	1.98	-	—
Giga Solar Materials Corporation	Stocks	SyneuRx International (Taiwan) Corp.	—	Financial assets at fair value through profit or loss – non-current	245,086	11,997	0.20	11,997	—
	Funds	TIEF Fund, L.P.	—	Financial assets at fair value through profit or loss – non-current	-	26,284	7.45	26,284	—
	Stocks	Long Time Technology Co., Ltd.	—	Financial assets measured at fair value through other comprehensive income – non-current	8,005,000	460,859	6.65	460,859	—
	Stocks	Big Sun Energy Technology Inc.	—	Financial assets measured at fair value through other comprehensive income – non-current	2,250,000	-	0.56	-	—
Tron Energy Technology Corporation	Stocks	Phoenix Battery Corporation	—	Financial assets at fair value through other comprehensive income – Non-current	500,000	5,000	1.33	5,000	—

Note 1: The marketable securities listed above were not guaranteed or pledged for borrowing or otherwise restricted by contract as of December 31, 2021.

Note 2: For information on investment in subsidiaries and affiliated companies, please refer to Exhibits 7 and 8.

Gigastorage Corporation
Acquisition of Real Estate Reaching NT\$300 Million or 20% of Paid-in Capital or More.
January 1 to December 31, 2021

Exhibit 4

Units: NTD thousands, unless otherwise stated

The company which acquired the real estate	Asset name	Date of occurrence	Transaction amount	Consideration payment status	Trading counterparty	Relationship	If the trading counterparty is a related party, the previous transfer information				Reference for price determination	Acquisition purpose and status of use	Other agreed matters
							Owner	Relationship with the issuer	Transfer date	Amount			
The Company.	Land	February 19, 2021	\$ 1/6 of NT\$2,000,000 thousand	The first installment has been paid, and the total amount is NT\$50,000 thousand	Natural person	No	Not applicable	Not applicable	Not applicable	Not applicable	Market price and appraisal report	It is required for participating in the development of the Green Energy Industrial Park and the medium and long-term operation planning of the Group	No
Giga Solar Materials Corporation	Land and buildings	July 6, 2021	\$ 315,000	\$ 315,000	Yoyo Enterprise Inc.	No	Not applicable	Not applicable	Not applicable	Not applicable	After considering the current market price and negotiating with the seller	For the operation of Giga Solar Materials Corporation and its subsidiaries	No
	Land and buildings	December 15, 2021	840,379	80,000	Energy Pass Incorporation	No	Not applicable	Not applicable	Not applicable	Not applicable	After considering the current market price and negotiating with the seller	For the operation of Giga Solar Materials Corporation and its subsidiaries	No

Gigastorage Corporation
Purchases or Sales of Goods from or to Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More
January 1 to December 31, 2021

Exhibit 5

Units: NTD thousands, unless otherwise stated

Purchase (sales) company	Name of trading counterparty	Relationship	The circumstance of the dealings				The circumstances and reasons why the trading terms are different from those of ordinary transactions		Notes and accounts receivable (payable)		Remarks
			Purchase (sales)	Amount	As a percentage of total purchase (sales)	Credit period	Unit price	Credit period	Balance	As a percentage of total notes and accounts receivable (payable)	
Giga Solar Materials Corporation	Yancheng Giga Solar Materials Corporation	Affiliates of the Company	Sales	\$ 959,382	21.15%	Monthly settlement 120–180 days	\$ -	—	\$ 477,094	46.12%	—

Gigastorage Corporation
Receivables from Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More.
December 31, 2021

Exhibit 6

Units: NTD thousands, unless otherwise stated

Companies recorded as accounts receivables	Name of trading counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Past due receivables from related parties		Amount of receivables from related parties collected during the subsequent period	Provision of allowance for loss
					Amount	Method of processing		
<u>Accounts receivable and other receivables</u>								
Giga Solar Materials Corporation	Yancheng Giga Solar Materials Corporation	Affiliates of the Company	\$ 1,444,023	Once	\$ 966,929	Ongoing Collections	\$ 499,560	-
Giga Diamond Materials Corporation	Yancheng Giga Diamond Materials Corporation	Affiliates of the Company	288,589	-	131,090	Ongoing Collections	-	-
<u>Other receivables</u>								
Whole Sun Green Power Co., Ltd.	Sunshine Solar Power Generation Co., Inc.	Affiliates of the Company	269,085	-	-	—	-	-
Wisdom Field Limited (Samoa)	Sunshine Solar Power Generation Co., Inc.	Affiliates of the Company	199,955	-	-	—	-	-
Merchant Energy PTE.,Ltd.	Sunshine Solar Power Generation Co., Inc.	Affiliates of the Company	138,716	-	-	—	-	-
Yancheng Giga Solar Materials Corporation	Tron Giga (Yancheng) Energy Co., Ltd.	Affiliates of the Company	117,440	-	9,997	Ongoing Collections	9,997	-

Gigastorage Corporation
Name of Investee, Location, Etc.
January 1 to December 31, 2021

Exhibit 7

Units: NTD thousands, unless otherwise stated

Investor name	Investee name	Location	Principal Business	Initial investment amount		Holding at the end of the period			Profits (losses) of the investee for the period	Investment gain (loss) recognized in the period	Remarks
				The end of the period	The end of last year	Number of shares	Percentage	Book value			
Gigastorage Corporation	Global Acetech Co., Ltd.	Thailand	Solar Energy Related Business	\$ 1,094,992	\$ 1,123,004	29,574,997	99.99%	\$ 11,962	\$ 3,319	\$ 3,319	—
	UJGIGA Co., Ltd.	Kaohsiung City	Solar Energy Related Business	33,840	11,640	3,384,000	30%	33,949	379	113	—
	Giga Solar Materials Corporation	Hukou Township, Hsinchu County	Precision chemical materials, industrial plastic products	163,955	164,087	29,708,902	39.15%	2,509,214	(375,458)	(143,756)	(Note 5)
	Ho Mi Specialty Materials Corporation	Hukou Township, Hsinchu County	Precision chemical materials	93,500	93,500	9,350,000	92.57%	83,061	(1,083)	(924)	(Note 5)
	Giga Solar Green Power Co., Ltd.	Hukou Township, Hsinchu County	Solar Energy Related Business	85,000	75,000	8,749,975	50%	86,887	(1,982)	(991)	(Note 5)
	Wafering Technology Corporation	Hukou Township, Hsinchu County	Solar Energy Related Business	180,001	180,001	26,996,112	100%	244,078	6,721	7,418	(Note 5)
	Wole Max Green Power Co., Ltd.	Hukou Township, Hsinchu County	Solar Energy Related Business	366,622	366,622	33,790,000	31%	356,775	50,033	15,510	(Note 5)
	Ri Yun Green Energy Corporation	Taipei City	Solar Energy Related Business	48,300	42,000	4,830,000	30%	47,933	(506)	(151)	—
	Tron Energy Technology Corporation	Taoyuan City	Electric buses, diesel buses/battery systems/energy storage systems	49,950	-	666,000	1.11%	48,995	(64,050)	(918)	—
	Shuoyitai Green Energy Co., Ltd.	Hukou Township, Hsinchu County	Development, installation and holding of energy storage systems	350	-	35,000	35%	343	(20)	(7)	(Note 6)
	Jieshuo Co., Ltd.	Hukou Township, Hsinchu County	Development of solar energy and energy storage systems	4,990	-	499,000	49.9%	4,981	(18)	(9)	(Note 6)

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Investor name	Investee name	Location	Principal Business	Initial investment amount		Holding at the end of the period			Profits (losses) of the investee for the period	Investment gain (loss) recognized in the period	Remarks
				The end of the period	The end of last year	Number of shares	Percentage	Book value			
Wafering Technology Corporation	Giga Solar Materials Corporation	Hukou Township, Hsinchu County	Precision chemical materials, industrial plastic products	\$ 105,387	\$ 143,593	502,000	0.66%	\$ 42,399	(\$ 375,458)	\$ (Note 2)	—
	Giga Diamond Materials Corporation	Hukou Township, Hsinchu County	Manufacturing of metal wire products, manufacturing of electronic components, trading and other related businesses	1,077	1,043	38,114	0.03%	222	(104,098)	(Note 2)	—
	Tron Energy Technology Corporation	Taoyuan City	Electric buses, diesel buses/battery systems/energy storage systems	49,302	31,970	733,200	1.22%	43,865	(64,050)	(Note 2)	—
	Ligao Optoelectronics Co., Ltd.	Hukou Township, Hsinchu County	Solar Energy Related Business	56,800	31,800	5,680,000	50%	47,707	(649)	(Note 2)	—
	Wole Max Green Power Co., Ltd.	Hukou Township, Hsinchu County	Solar Energy Related Business	94,612	94,612	8,720,000	8%	92,071	50,033	(Note 2)	—
	UJGIGA Co., Ltd.	Kaohsiung City	Solar Energy Related Business	21,432	7,372	2,143,200	19%	21,504	379	(Note 2)	—
	Yusheng Energy Co., Ltd.	Taipei City	Renewable energy relate business	50,000	-	5,000,000	11.88%	50,058	228	(Note 2)	—
Giga Solar Materials Corporation	Whole Sun Green Power Co., Ltd.	Hukou Township, Hsinchu County	Solar Energy Related Business	2,723,842	2,723,842	126,516,924	100%	1,480,667	3,139	(Note 2)	—
	Giga Solar Materials Corporation (Mauritius)	Mauritius	General investment	565,410	565,410	17,900,000	100%	854,867	(140,186)	(Note 2)	(Note 5)
	Tron Energy Technology Corporation	Taoyuan City	Electric buses, diesel buses/battery systems/energy storage systems	461,875	399,723	6,244,989	10.40%	457,257	(64,050)	(Note 2)	(Note 5)

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Investor name	Investee name	Location	Principal Business	Initial investment amount		Holding at the end of the period			Profits (losses) of the investee for the period	Investment gain (loss) recognized in the period	Remarks
				The end of the period	The end of last year	Number of shares	Percentage	Book value			
Giga Solar Materials Corporation	Giga Diamond Materials Corporation	Hukou Township, Hsinchu County	Manufacturing of metal wire products, manufacturing of electronic components, trading and other related businesses	\$ 500,471	\$ 477,938	36,658,046	32.05%	\$ 222,312	(\$ 104,098)	(Note 2)	—
	Tron Energy Technology Corporation	Hukou Township, Hsinchu County	Manufacturing and trading of energy materials	216,971	116,754	15,858,067	48.39%	134,863	(42,229)	(Note 2)	—
	Prosperous China Inc.	Samoa	General investment	18,904	18,904	500,000	100%	19,031	277	(Note 2)	—
	Yusheng Energy Co., Ltd.	Taipei City	Renewable energy relate business	60,000	-	6,000,000	14.25%	60,069	228	(Note 2)	—
Green Energy Electrode, Inc.	Green Energy Electrode, Inc.(Samoa)	Samoa	General investment	176,342	77,966	6,000,000	100%	129,729	(25,365)	(Note 2)	—
Whole Sun Green Power Co., Ltd.	Eiwa Electric Power Co., Inc.	Fukushima Prefecture, Japan	Solar Energy Related Business	15,070	15,070	-	100%	76,846	18,307	(Note 2)	—
	Godo Kaisha Best Solar	Chiba Prefecture, Japan	Solar Energy Related Business	44,939	44,939	-	- (Note 1)	42,397	7,708	(Note 2)	—
	Godo Kaisha Chiba 1	Wakayama, Japan	Solar Energy Related Business	62,788	42,428	-	- (Note 1)	48,420	(963)	(Note 2)	—
	Godo Kaisha Merchant Energy NO.8	Fukushima Prefecture, Japan	Solar Energy Related Business	69,325	69,325	-	- (Note 1)	135,815	51,967	(Note 2)	—
	Wisdom Field Limited (Samoa)	Samoa	General investment	1,173,221	1,173,221	37,110,000	100%	461,922	(47,736)	(Note 2)	—
Wisdom Field Limited (Samoa)	Merchant Energy PTE., Ltd.	Singapore	General investment	930,951	930,951	29,800,000	87.65%	240,390	(50,783)	(Note 2)	—
Merchant Energy PTE., Ltd.	Sunshine Solar Power Generation Co., Inc.	Philippines	Solar Energy Related Business	814,827	814,827	-	39.93%	100,833	(56,689)	(Note 2)	—
Giga Diamond Materials Corporation	Giga Diamond Materials Corporation (Seychelles)	Seychelles	General investment	594,542	594,542	19,200,000	100%	(128,263)	(121,897)	(Note 2)	—
	Hua Hsu Optotech Co., Ltd.	Xitun District, Taichung	Wafer surface treatment, silicon processing, silicon materials for solar energy, OEM business, etc.	235,784	152,712	8,100,000	100%	244,620	83,576	(Note 2)	—

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Note 1: Whole Sun Green Power Co., Ltd. invests in Godo Kaisha Best Solar, Godo Kaisha Chiba 1 and Godo Kaisha Merchant Energy No.8 according to the Japanese TK-GK structure. Although it does not hold voting rights, Whole Sun Green Power Co., Ltd. is endowed with economic beneficial rights and the right to request these parties to consult Whole Sun Green Power Co., Ltd. in advance for major decision-making requests according to the contract.

Note 2: Gains or losses on investments in these companies are included in the investment gain or loss of the subsidiaries.

Note 3: The relevant figures here are presented in NTD. Where foreign currencies are involved, they should be translated into NTD using the exchange rates prevailing at the date of the financial statements.

Note 4: Please refer to Exhibit 8 for information on investees in Mainland China.

Note 5: For the investment gain or loss for the period, taken into account were the unrealized gain or loss on intercompany transactions and the amortization effect of the excess of the fair value of identifiable net assets over their carrying amount at the time of original acquisition.

Note 6: Jieshuo Co., Ltd. and Shuoyitai Green Energy Co., Ltd. are individual insignificant joint ventures, and their financial reports have not been audited by CPAs; however, the management of the Consolidated Company believes that these individual insignificant financial reports of the joint venture companies will not have significant differences if audited by CPAs.

Gigastorage Corporation
Information on Investment in Mainland China
January 1 to December 31, 2021

Exhibit 8

Units: NTD thousands, unless otherwise stated

Investee name in Mainland China	Principal Business	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profits or losses of the investee for the period	Shareholding percentage of the Company's direct or indirect investment	Investment gain or loss recognized in the period (Note 2)	Carrying amount of investment at the end of the period	Investment income remitted back as of the end of the period	Remarks
					Remittance	Recovery							
Suzhou Giga Solar Materials Corporation	Photovoltaic process testing and technical services, etc.	\$ 88,625 (USD 3,000)	Indirectly invested through an invested enterprise in the third region (Mauritius)	\$ 88,625 (USD 3,000)	\$ -	\$ -	\$ 88,625 (USD 3,000)	(\$ 3,739)	100%	(\$ 3,739)	\$ 81,683	\$ -	(Note 2)
Yancheng Giga Solar Materials Corporation	Photovoltaic process testing and technical services, etc.	638,350 (USD 14,900+ CNY 35,000) (Note 5)	Indirectly invested through an invested enterprise in the third region (Mauritius)	478,050 (USD 14,900)	-	-	478,050 (USD 14,900)	(140,392)	100%	(140,392)	748,966	-	(Note 2)
Yancheng Giga Diamond Materials Corporation	Manufacturing and sale of wire materials, etc.	594,542 (USD 19,200)	Indirectly invested through an invested enterprise in the third region (Seychelles)	594,542 (USD 19,200)	-	-	594,542 (USD 19,200)	(121,897)	100%	(121,966)	(125,199)	-	(Note 2)
Yancheng Green Energy Electrode Crop.	Lithium battery material manufacturing, research and development, and lithium-ion battery technology development and consulting services	176,342 (USD 6,000)	Indirectly invested through an invested enterprise in the third region (Samoa)	77,966 (USD 2,500)	98,376 (USD 3,500)	-	176,342 (USD 6,000)	(25,365)	100%	(25,365)	129,953	-	(Note 7)
Tron Giga (Yancheng) Energy Co., Ltd.	Battery module, battery pack and battery component assembly	91,071 (USD 1,530+ CNY 10,437) (Note 6)	Indirectly invested through an invested enterprise in the third region (Mauritius)	-	-	-	-	8,052	49%	3,945	42,114	-	-
Nantong Exojet Technology Co., Ltd.	Manufacturing and sales of thick film materials for passive components	154,128 (USD 5,000)	Direct invest in mainland China	154,128 (USD 5,000)	-	-	154,128 (USD 5,000)	(9,428)	100%	(9,428)	88,593	-	(Note 2)
Shanghai Exojet Electronic Materials Co., Ltd.	Manufacturing and sales of thick film materials for passive components	13,686 (USD 350)	Indirectly invested through an invested enterprise in the third region (Samoa)	13,686 (USD 350)	-	-	13,686 (USD 350)	277	100%	277	18,963	-	(Note 2)

Company name	Cumulative amount of investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Ceiling on investments in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs
Giga Solar Materials Corporation	\$940,232 (USD23,250+CNY45,437)	\$937,902 (USD29,849)	\$ 3,845,469
Giga Diamond Materials Corporation	594,542 (USD19,200)	594,542 (USD19,200)	399,174
Green Energy Electrode, Inc.	176,342 (USD6,000)	178,833 (USD6,090)	166,507

Note 1: Investment methods are classified into the following three categories; fill in the number of the category that each case belongs to:

- Invest in Mainland China directly.
- Invest in Mainland China through companies in third regions. (Please specify the investment company of the third region.)
- Other methods.

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Note 2: The investment gain or loss recognized in the current period is based on the evaluation of the financial statements audited by CPAs.

Note 3: The translation is based on the exchange rate at the time of remittance.

Note 4: The repatriated investment amount was translated at the prevailing exchange rate, and the investment amount not repatriated was translated at the period end rate of 1:27.68.

Note 5: RMB35,000 thousand represented the direct investment of cash dividends from the earnings of Suzhou Giga Solar Materials Corporation through a third region (Mauritius) into Yancheng Giga Solar Materials Corporation. The process of application to the Investment Commission of the Ministry of Economic Affairs had been completed. The difference between the paid-in capital and the amount approved by the Investment Commission of the Ministry of Economic Affairs is due to the difference between the exchange rate of USD and RMB on the date of application and the date of remittance.

Note 6: RMB10,437 thousand represented the direct investment of cash dividends from the earnings of Suzhou Giga Solar Materials Corporation through a third region (Mauritius) into Tron Giga (Yancheng) Energy Co., Ltd. The process of application to the Investment Commission of the Ministry of Economic Affairs had been completed. The difference between the paid-in capital and the amount approved by the Investment Commission of the Ministry of Economic Affairs is due to the difference between the exchange rate of USD and RMB on the date of application and the date of remittance.

Note 7: Green Energy Electrode, Inc. invested US\$3.5 million in Yancheng Green Energy Electrode Crop. with the self-owned funds of Green Energy Electrode, Inc.(Samoa) as an investment enterprise in the third region approved by the Investment Committee of the Ministry of Economic Affairs in April 2021, and the investment has completed.

§Table of Contents of the Schedule of Important Accounting Items§

<u>Item</u>	<u>Number / Index</u>
Schedule of assets, liabilities and equity items	
Schedule of cash and cash equivalents	Schedule 1
Schedule of notes and accounts receivable	Schedule 2
Schedule of other receivables	Note 9
Schedule of inventories	Schedule 3
Schedule of Financial assets at fair value through other comprehensive income – non-current	Schedule 4
Schedule of prepayment and other current assets	Note 15
Schedule of changes in investment accounted for using the equity method	Schedule 5
Schedule of changes in property, plant and equipment	Note 11
Schedule of Changes in Right-of-Use Assets and Changes in Accumulated Depreciation of Right-of-Use Assets	Schedule 6
Schedule of changes in intangible assets	Note 14
Schedule of short-term notes and bills payable	Note 16
Schedule of short-term borrowings	Schedule 7
Schedule of accounts payable	Schedule 8
Schedule of long-term borrowings	Schedule 9
Schedule of lease liabilities	Schedule 10
Schedule of profit or loss items	
Schedule of operating revenues	Schedule 11
Schedule of operating costs	Schedule 12
Schedule of operating expenses	Schedule 13
Schedule of other income and expenses	Note 21
Schedule of non-operating income and expenses	Note 21
Summary of employee benefits, depreciation and amortization expense by function incurred during the period	Schedule 14

Gigastorage Corporation
Schedule of Cash and Cash Equivalents
December 31, 2021

Schedule 1

Units: NTD thousands, unless otherwise stated

<u>Name</u>	<u>Abstract</u>	<u>Amount</u>
Cash on hand and petty cash		\$ 451
Bank deposits		
Demand deposits	Including NT\$124,171 thousand and USD1,984 thousand (exchange rate 27.68)	<u>179,098</u>
		<u>\$179,549</u>

Gigastorage Corporation
Schedule of Notes and Accounts Receivable
December 31, 2021

Schedule 2

Unit: NTD thousands

Customer name	Amount
Not-related party	
Customer A	\$ 43,913
Customer B	37,910
Customer C	21,506
Customer D	13,439
Customer E	12,242
Customer F	11,159
Others (Note)	19,263
Less: allowance for doubtful accounts	(<u>2,367</u>)
	<u>157,065</u>
Related party	
UJGIGA Co., Ltd.	17,218
Other related party (Note)	<u>1,893</u>
	<u>19,111</u>
	<u>\$176,176</u>

Note: The balance of each party does not exceed 5% of the balance of the account.

Gigastorage Corporation
Schedule of Inventories
December 31, 2021

Schedule 3

Unit: NTD thousands

Item	Amount	
	Costs	Net realizable value
Raw materials	\$ 14,502	\$ 17,037
Work in process	340	416
Finished goods	<u>3,569</u>	<u>3,622</u>
	<u>\$ 18,411</u>	<u>\$ 21,075</u>

Gigastorage Corporation
Schedule of Financial Assets at Fair Value through Other Comprehensive Income – Non-Current
January 1 to December 31, 2021

Schedule 4

Units: NTD thousands, unless otherwise stated

Name	Balance at the beginning of the year		Increase in the year		Decrease in the year		Financial assets Unrealized gains (losses) on financial assets	Balance at the end of the year			Provision of guarantee or pledge	Remarks
	Number of shares (in thousands)	Fair value	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount		Number of shares (in thousands)	Shareholding %	Fair value		
Prorit Corporation	3,942	\$ 7,451	-	\$ -	-	\$ -	\$ 5,361	3,942	1.26	\$ 12,812	No	
New Land Packing Corporation	2,156	<u>37,008</u>	-	<u>-</u>	-	<u>-</u>	(<u>2,371</u>)	2,156	11.97	<u>34,637</u>	No	
Total		<u>\$ 44,459</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 2,990</u>			<u>\$ 47,449</u>		

Gigastorage Corporation
Schedule of Changes in Investment Accounted for Using the Equity Method
January 1 to December 31, 2021

Units: NTD thousands, unless otherwise stated

	Balance at the beginning of the year		Increase in the year		Decrease in the year		Investment income (loss)	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(Unrealized) realized net incomes on sales	Actuarial (loss) gain on defined benefit plan	Change in subsidiaries and affiliated enterprises	Balance at the end of the year			Net equity	Pledge status	Remarks
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount							Number of shares (in thousands)	Shareholding %	Amount			
Investments in subsidiaries																		
Giga Solar Materials Corporation	29,733	\$ 2,405,116	-	\$ -	(24)	(\$ 56,386)	(\$ 143,756)	(\$ 21,088)	\$ 108,045	\$ -	\$ 890	\$ 228,595	29,709	39.15	\$ 2,521,416	\$ 2,509,214	Yes	Notes 1 and 2
Wafering Technology Corporation	26,996	198,484	-	-	-	-	7,418	(448)	1,780	(11,188)	16	19,700	26,996	100	215,762	243,839	No	
Ho Mi Specialty Materials Corporation	9,350	83,810	-	-	-	-	(924)	-	-	-	-	421	9,350	92.57	83,307	83,061	No	
Global Acetech Co., Ltd.	118,300	40,923	-	-	(88,725)	(28,012)	3,319	(4,268)	-	-	-	-	29,575	99.99	11,962	11,962	No	Note 2
Investments in affiliates and joint ventures																		
Wole Max Green Power Co., Ltd.	33,790	352,159	-	-	-	(13,111)	15,511	-	-	116	-	-	33,790	31	354,675	356,775	No	Note 2
Giga Solar Green Power Co., Ltd.	7,500	65,461	1,250	10,000	-	-	(991)	-	-	(4,556)	-	-	8,750	50	69,914	86,887	No	
Tron Energy Technology Corporation	-	-	666	49,950	-	-	(918)	(37)	-	-	-	-	666	1.11	48,995	48,995	No	
Ri Yun Green Energy Corporation	4,200	41,784	630	6,300	-	-	(151)	-	-	-	-	-	4,830	30	47,933	47,933	No	
UJGIGA Co., Ltd.	1,164	11,636	2,220	22,200	-	-	113	-	-	-	-	-	3,384	30	33,949	33,949	No	
Jieshuo Co., Ltd.	-	-	499	4,990	-	-	(9)	-	-	-	-	-	499	49.9	4,981	4,981	No	Note 3
Shuoyitai Green Energy Co., Ltd.	-	-	35	350	-	-	(7)	-	-	-	-	-	35	35	343	343	No	Note 3
Total		<u>\$ 3,199,373</u>		<u>\$ 93,790</u>		<u>(\$ 97,509)</u>	<u>(\$ 120,395)</u>	<u>(\$ 25,841)</u>	<u>\$ 109,825</u>	<u>(\$ 15,628)</u>	<u>\$ 906</u>	<u>\$ 248,716</u>			<u>\$ 3,393,237</u>	<u>\$ 3,427,939</u>		

Note 1: Please refer to Note 30 for the pledge status.

Note 2: The decreases in the current period include the cash dividends issued by Giga Solar Materials Corporation and Whole Max Green Power Co., Ltd. of NT\$51,509 thousand and NT\$13,111 thousand respectively, and the share capital returned by Global Acetech Co., Ltd. of NT\$28,012 thousand.

Note 3: Jieshuo Co., Ltd. and Shuoyitai Green Energy Co., Ltd. are individual insignificant joint ventures, and their financial reports have not been audited by CPAs; however, the management of the Consolidated Company believes that these individual insignificant financial reports of the joint venture companies will not have significant differences if audited by CPAs.

Gigastorage Corporation

Schedule of Changes in Right-of-Use Assets and Changes in Accumulated Depreciation of
Right-of-Use Assets

January 1 to December 31, 2021

Schedule 6

Units: NTD thousands,
unless otherwise stated

	<u>Houses and buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Costs			
Balance as of January 1, 2021	<u>\$ 33,535</u>	<u>\$ 1,518</u>	<u>\$ 35,053</u>
Balance as of December 31, 2021	<u>33,535</u>	<u>1,518</u>	<u>35,053</u>
Accumulated depreciation			
Balance as of January 1, 2021	6,708	605	7,313
Depreciation	<u>3,354</u>	<u>523</u>	<u>3,877</u>
Balance as of December 31, 2021	<u>10,062</u>	<u>1,128</u>	<u>11,190</u>
Net as of December 31, 2021	<u>\$ 23,473</u>	<u>\$ 390</u>	<u>\$ 23,863</u>

Gigastorage Corporation
Schedule of Short-Term Borrowings
December 31, 2021

Schedule 7

Units: NTD thousands, unless otherwise stated

Name	Borrowing Balance	Contract Period	Interest range	Circumstance of pledge and guarantee
Guaranteed Line of Credit				
EnTie Bank	\$ 300,000	October 26, 2021 – February 23, 2022	1.50%	The Company has provided 3,000 thousand shares of Giga Solar Materials Corporation's stock as collateral.
Taishin Bank	100,000	October 8, 2021 – January 7, 2022	1.53%	The Company has provided 2,000 thousand shares of Giga Solar Materials Corporation's stock as collateral.
Kaoshung Bank	80,000	October 20 2021 – January 20, 2022	1.70%	The Company has provided 1,000 thousand shares of Giga Solar Materials Corporation's stock as collateral.
Bank Sinopac	70,000	December 1, 2021 – June 1, 2022	1.57%	The Company has provided 3,000 thousand shares of Giga Solar Materials Corporation's stock as collateral.
Line of credit borrowing				
Taiwan Cooperative Bank	29,482	July 30, 2021 – June 28, 2022	1.40%	No
Mega International Commercial Bank	87,775	September 30, 2021 – May 16, 2022	1.40%	No
The Shanghai Commercial & Savings Bank	<u>70,000</u>	August 16, 2021 – April 14, 2022	1.55%	No
	<u>\$ 737,257</u>			

Note: As of December 31, 2021, the Company has unused short-term loan lines of NT\$467,988 thousand.

Gigastorage Corporation
Schedule of Accounts Payable
December 31, 2021

Schedule 8

Unit: NTD thousands

<u>Supplier name</u>	<u>Amount</u>
Not-related party	
Supplier A	\$ 30,616
Supplier B	15,417
Supplier C	12,873
Supplier D	5,235
Others (Note)	<u>15,457</u>
	79,598
Related party	
Ho Mi Specialty Materials Corporation	<u>189</u>
	<u><u>\$ 79,787</u></u>

Note: The balance of each item does not exceed 5% of the balance of the account.

Gigastorage Corporation
Schedule of Long-Term Borrowings
December 31, 2021

Schedule 9

Units: NTD thousands, unless otherwise stated

Item	Abstract	Balance at the end of the year	Contract Period	Interest range	Circumstance of provision of mortgage or guarantee
Bank borrowings					
Secured loan from Shanghai Commercial Bank	Enrichment of operating capital	\$ 630,000	April 29, 2021 – April 29, 2026	1.58%	The Company has provided land and buildings as collateral.
Secured loan from Land Bank of Taiwan	Enrichment of operating capital	200,000	July 6, 2020 – July 6, 2025	1.58%	The Company has provided 6,000 thousand shares of Giga Solar Materials Corporation's stock as collateral.
Credit loan from Shanghai Commercial Bank	Enrichment of operating capital	93,500	July 26, 2019 – July 26, 2024	1.43%	No
Credit loan from Agricultural Bank of China	Enrichment of operating capital	28,000	January 25, 2021 – April 30, 2024	1.25%	No
Portion due within one year		(<u>236,000</u>)			
		<u>\$ 715,500</u>			

Note: As of December 31, 2021, the Company had no unused long-term loan lines.

Gigastorage Corporation
Schedule of Lease Liabilities

December 31, 2021

Schedule 10

Units: NTD thousands, unless otherwise stated

<u>Name</u>	<u>Lease period</u>	<u>Discount rate</u>	<u>Amount</u>
Buildings	From 2019.01 to 2028.12	1.50%	\$ 23,997
Transportation equipment	From 2019.09 to 2022.12	1.68%	<u>397</u>
Total			24,394
Less: Lease liabilities – current			(<u>3,673</u>)
Lease liabilities – non-current			<u><u>\$ 20,721</u></u>

Gigastorage Corporation
Schedule of Operating Revenues
January 1 to December 31, 2021

Schedule 11

Unit: NTD thousands

Name	Quantity	Amount
Photovoltaic Ribbons	998 thousand units	\$356,795
Revenues from construction projects	5,792 units (Note)	190,641
Others	—	<u>29,382</u>
		<u>\$576,818</u>

Note: Of these units, 998 were still incomplete as of December 31, 2021, and revenue was recognized based on the cost of construction inputs.

Gigastorage Corporation
Schedule of Operating Costs
January 1 to December 31, 2021

Schedule 12

Unit: NTD thousands

Item	Amount
Cost of goods sold for self-produced products	
Direct raw materials	
Inventory at the beginning of the year	\$ 22,789
Add: purchases during the period	297,005
Less: raw materials at the end of the year	(20,521)
Sales of raw materials	(3,571)
Transfer to expenses	(4,399)
Raw material consumption during the period	291,303
Direct labors	32,260
Manufacturing overheads	63,624
Manufacturing costs	387,187
Add: work in process at the beginning of the year	16,796
Less: work in process at the end of the year	(11,713)
Transfer to expenses	821
Work in process sold	(5,802)
Other operating costs	(11,445)
Cost of finished goods	375,844
Add: finished goods at the beginning of the year	23,417
Less: finished goods at the end of the year	(6,140)
Transfer to expenses	744
Cost of production and sales	393,865
Cost of goods sold for trading merchandise	
Inventory at the beginning of the year	-
Add: purchases during the period	16,370
Less: merchandise at the end of the year	-
Other operating costs	410,235
Cost of raw materials sold	3,571
Cost of work in process sold	5,802
Gain on reversal of loss on decline in value of inventories	(11,836)
Construction costs	149,061
Other operating costs	11,445
Income from sales of scraps	(1,851)
Others	(15,742)
Cost of goods sold	<u>\$550,685</u>

Gigastorage Corporation
Schedule of Operating Expenses
January 1 to December 31, 2021

Schedule 13

Unit: NTD thousands

Item	Marketing expenses	Administration expenses	R&D expenses
Salary expenses	\$ 7,499	\$ 45,490	\$ 7,635
Freight expenses	1,424	1	16
Insurance expenses	710	5,369	769
Service expenses	72	8,561	-
Depreciation expense	39	22,413	5,621
Utilities expenses	-	6,944	-
Test and experiment expenses	-	-	98
Others (Note)	<u>2,102</u>	<u>26,746</u>	<u>2,316</u>
	<u>\$ 11,846</u>	<u>\$ 115,524</u>	<u>\$ 16,455</u>

Note: The balance of each item does not exceed 5% of the balance of the account.

Gigastorage Corporation

Summary of Employee Benefits, Depreciation and Amortization Expense by Function Incurred During the Period

January 1 to December 31, 2021 and 2020

Schedule 14

Unit: NTD thousands

	2021			2020		
	Those belonging to operating costs	Those belonging to operating expenses	Total	Those belonging to operating costs	Those belonging to operating expenses	Total
Employee benefit expenses						
Salary expenses	\$ 38,641	\$ 60,624	\$ 99,265	\$ 30,025	\$ 68,032	\$ 98,057
Employee insurance expenses	4,223	5,557	9,780	2,910	6,400	9,310
Pension	1,608	3,053	4,661	934	3,609	4,543
Remuneration for directors	-	1,550	1,550	-	1,680	1,680
Share-based payments	-	-	-	34	493	527
Other employee benefit expenses	2,068	2,224	4,292	1,637	2,806	4,443
	<u>\$ 46,540</u>	<u>\$ 73,008</u>	<u>\$ 119,548</u>	<u>\$ 35,540</u>	<u>\$ 83,020</u>	<u>\$ 118,560</u>
Depreciation expense	<u>\$ 19,852</u>	<u>\$ 28,073</u>	<u>\$ 47,925</u>	<u>\$ 16,945</u>	<u>\$ 34,559</u>	<u>\$ 51,504</u>
Amortization expenses	<u>\$ 36</u>	<u>\$ 545</u>	<u>\$ 581</u>	<u>\$ -</u>	<u>\$ 733</u>	<u>\$ 733</u>

Note 1: The number of employees for the year and the previous year were 156 and 160, respectively, of which the number of directors who were not also employees was 6 and 7, respectively.

Note 2: Companies whose shares are listed on TWSE or TPEx should disclose additional information on the following:

- (1) The average employee benefit expense for the current year was NT\$787 thousand ("Total employee benefit expense for the current year - Total directors' remuneration" / "Number of employees for the current year - Number of directors who did not also serve as employees").

The average employee benefit expense for the previous year was NT\$764 thousand ("Total employee benefit expense for the previous year - Total directors' remuneration" / "Number of employees for the previous year - Number of directors who did not also serve as employees").

- (2) The average employee salary expense for the current year was NT\$662 thousand ("Total salary expense for the current year" / "Number of employees for the current year - Number of directors who did not also serve as employees").

The average employee salary expense for the previous year was NT\$641 thousand ("Total salary expense for the previous year" / "Number of employees for the previous year - Number of directors who did not also serve as employees").

- (3) Change in average employee salary expense adjustment of 3.28% ("Average employee salary expense for the current year - Average employee salary expense for the previous year" / Average employee salary expense for the previous year)

- (4) The Company has no supervisor and therefore does not intend to disclose the salary, remuneration and business execution expenses of the supervisor.

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- (5) The Company's remuneration policy is to provide all employees with compensation and benefits that are at least in line with the average salary level compared to the relevant industry, in order to attract talented and stable employees to continue to work for the Company. Employee compensation includes monthly salaries, quarterly bonuses for operational performance, and employee profit sharing remuneration based on annual profitability. In accordance with the Company's Articles of Association, the Company shall set aside 4% to 8% as employee profit sharing remuneration and no more than 3% as director remuneration if the Company makes a profit in the year. The amount and distribution method shall be proposed by the Remuneration Committee to the board meeting and approved by the board meeting for payment. Each employee's allocated employee profit sharing remuneration is determined based on individual duties, contributions, and performance.