

Stock Code : 3691



GIGA SOLAR MATERIALS CORP.

2023

Annual Report

Wakayama solar farm completed

Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>

Website of the Company: <http://www.gigasolar.com.tw>

Printed on April 9, 2024

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

I 、 Company Spokesperson

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IV 、 CPAs for annual financial reports of the most recent year

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V 、 Name of Exchange(s) where Foreign Securities are Listed and Traded, and Manner of Access to the Information of such Foreign Securities : None.**VI 、 Company Website : [http : //www.gigasolar.com.tw](http://www.gigasolar.com.tw)**

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One. Letter to Shareholders

Dear Shareholders,

On behalf of the management team, I would like to express our heartfelt gratitude to all of our shareholders for their support in the past year.

Looking back to 2023, although countries have emerged from the shadow of COVID, the Russia-Ukraine war is still ongoing, and the conflict in the Caucasus has ignited new flames of war in the Middle East. Governments in various countries are attempting to break through the economic difficulties caused by high inflation. Over the past three years, the global economy has experienced turbulent fluctuations. Under the requirement of grid parity and continuous efforts to lower costs and improve efficiency, with governments around the world actively promoting green energy policies, solar photovoltaic installations are growing at an astounding pace. The solar industry has experienced significant fluctuations in polysilicon prices. Downstream solar cell manufacturers have become more proactive in controlling costs during procurement, and they also face fierce price competition from Chinese solar conductive paste manufacturers. With the rapid rise of numerous paste manufacturers in China, the research and development cycle has shortened, and product iterations have accelerated, resulting in a significant reduction in profit margins. In 2023, the Company has been actively rebuilding customer relationships after the pandemic slowed down. Even in this challenging environment, the Company has not let its guard down and has continued to strengthen its R&D capabilities and speed. It has also strictly managed inventory costs, which has led to a rebound in solar conductive paste revenue in the second half of 2023, particularly with a significant increase in shipments of the new N-type silver paste in December. During the transition in battery technology roadmaps, the Company has pulled ahead with its N-type silver paste. By leveraging its new paste products, the Company hopes to gradually increase its gross and net profit margins, aiming to reclaim its position as one of the top three global suppliers of solar conductive pastes.

The development of renewable energy has become a global consensus, and the policy promotes the development of solar energy. The green and low-carbon transition is constantly injecting new momentum into the global economic development. Countries are attaching increasing importance to and continuously increasing their investments in the renewable energy sector, with multiple policy incentives favorable to the development of renewable energy. For example, in some countries, the German Federal Ministry for Economic Affairs and Climate Action has formulated a 2023 photovoltaic industry development strategy to ensure the achievement of the targets set in the Renewable Energy Sources Act. At the same time, the German government plans to increase the solar power installed capacity to 215GW by 2030. China is a global leader in the field of renewable energy, and a number of policies

have promoted the development of solar energy construction. Meanwhile, the second meeting of the Central Committee for Deepening Overall Reform in China in July 2023 pointed out that China's energy transformation has entered a new stage of development, transitioning from the dual control of energy consumption to the dual control of carbon emissions, with the development of renewable energy surging forward. At the same time, the cost of solar power generation is decreasing year by year, and the economic effect is outstanding. According to IRENA data, the global LCOE (Levelized Cost of Energy) for solar power, onshore wind, and offshore wind were \$0.445/kWh, \$0.107/kWh, and \$0.197/kWh respectively in 2010. By 2022, they had decreased to \$0.049/kWh, \$0.033/kWh, and \$0.081/kWh respectively, representing declines of -89%, -69%, and -59% over the 12-year period. The largest reduction was in solar LCOE, and this dramatic cost decrease has further stimulated the demand for solar power generation. Driven by global policies and demand, the installed capacity of solar energy continues to be at a high level.

The demand for solar cells is expanding, and the release of N-type production capacity is accelerating. As the installed capacity of terminal solar energy continues to grow, each link of the industrial chain expands its production capacity accordingly. Given the clear trend towards the N/P technology roadmap transition, N-type solar cells, with their higher photovoltaic conversion efficiency, are gradually replacing PERC cells to become the market mainstream. The penetration rate of N-type cells is expected to increase significantly from 2023 to 2030. According to industry announcements, LONGi, Jinko, TRW, and JA Solar will reach the topcon cell production capacities of 30GW, 52.5GW, 40GW, and 40GW respectively by the end of 2023. On the other hand, manufacturers such as BES, LONGi, and AIC have also clearly chosen the route of HJT or BC batteries. The continuous improvement of solar cell production capacity has promoted the increasing demand for solar conductive silver paste in the battery production process.

Since zero emission has become the common ambition of all leading powers in the world, renewable energy, including solar energy, has a promising future. The Company, in addition to continuously refining the solar product line-up, proactively plans for businesses like electric vehicles and semiconductors by exploring more material sources and developing innovative processes that feature high yield and low material loss, with the attempt to be anticipative in the future market of emerging applications with more revenue items, thereby accomplishing the sound growth of the Company's overall operation. Examples include the cathode materials to be used in energy storage devices and in electric vehicles as produced by Green Energy Electrode, Inc., the SiC anode materials developed by the Company, and the semiconductor processes provided by Hua Hsu Optotech Co., Ltd. Considering the dynamics of the global solar industry and the changing specifications of electronic products, the Company has adopted a more diversified product portfolio and refined the Company's

shareholder line-up, jointly being anticipative in the market of new applications. As the EV industry further flourishes in the coming years, it is believed that the Company will run even more steady operations with more profitable products.

Our management team and all employees share the same objective – to continue to create maximum profit and company value for all shareholders!

We herein respectfully thank you, the shareholders, for your continued support and encouragement you give this Company.

Summary of the Company's Operational Report 2023 and Operational Plan 2024 is provided below:

I. Consolidated Operational Report 2023

(I) Implementation Results of Business Plans

As governments around the world actively promote green energy policies, the number of solar photovoltaic installations is growing at an amazing rate. However, the Company's solar conductive paste is facing a severe challenge in terms of business promotion and R&D cycle compared to many Chinese paste rivals. In 2023, the Company's consolidated operating revenue was NT\$2,958,411 thousand, a decrease of NT\$2,696,434 thousand compared to NT\$5,654,845 thousand in 2022. The main reasons were the decrease in revenue from solar conductive pastes in 2023, a significant decline in revenue of the subsidiary Hua Xu Company due to the impact of the U.S.-China trade conflict, which prevented the sale of its main product, silicon auxiliary materials, to China, and a decrease in revenue of the subsidiary Xinhe Company as lithium ore prices plummeted and the overall electric vehicle market conditions deteriorated due to competition among Chinese electric vehicle manufacturers. In 2023, the Company's net loss after tax attributable to the Company was NT\$810,576 thousand, with a loss per share of NT\$(8.82), a decrease compared to the net profit after tax attributable to the Company in 2022. The main reasons were the decrease in the Company's operating revenue compared to the previous year and the increase in operating losses due to impairment losses.

(II) Budget Implementation

The Company did not make formal financial forecasts for 2023 yet the overall business performance fairly answered to our internal business plan with the only exception the price fluctuations throughout our supply chain due to the post-pandemic situation, policy, and resulting economic distress.

(III) Financial Account and Profitability Analysis

1. Financial Account

In 2023, the Company's consolidated statements showed a net cash outflow of NT\$478 million from operating activities, a net cash outflow of NT\$740 million from investing activities, and a net cash inflow of NT\$504 million from financing activities. The cash and cash equivalents balance at the end of the period was NT\$2.077 billion. The main reasons were: in the fourth quarter, the revenue from solar conductive pastes surged significantly, leading the Company to procure materials in advance, and the accounts receivable at the end of the period had not yet been collected, resulting in a net cash outflow from operating activities. Investing activities were primarily related to the purchase of machinery and equipment. The net cash inflow from financing activities was mainly due to an increase in bank borrowings. Overall, the Company should be financially sound.

2. Profitability Analysis

In 2023, the Company was significantly impacted by the post-pandemic situation and international trade wars, resulting in a substantial revenue reduction. The net loss after tax attributable to the Company was NT\$810,576 thousand, with a loss per share of NT\$(8.82), a decrease compared to the net profit after tax attributable to the Company in 2022. The Company will continuously conduct R&D of high-efficiency products, such as paste having good conversion performance, and actively cut losses from reinvestments to look for new profit sources.

(IV) R&D Overview

As for R&D, the Company has focused on working with our customers to improve conversion efficiency of solar cells, and has adapted appearances or features of our products to our customers' processes and product structures, so as to offer paste materials advantageously in terms of conversion efficiency, quality, and cost.

N-type Topcon silver paste has become a mainstream product in the market. The Company's N-type Topcon silver paste has been certified by multiple customers and highly recognized for its fine-line printing capability. In addition to continuous efficiency improvements through R&D efforts, by constantly connecting with customers and upstream and downstream industries, the high-quality and efficient N-type silver paste enables customers to achieve stable production, driving shipment volume and revenue growth.

II. Summary of Business Plan 2024

(I) Business Orientation

2023 marked a watershed year for the rapid advancement of N-type Topcon solar cell technology, with costs and prices quickly converging to those of P-type PERC solar cells. Due to their efficiency advantage, N-type Topcon solar cell production lines have been established at a rapid pace, akin to mushrooms sprouting after rain. In the coming year, N-type Topcon will comprehensively replace P-type PERC as the dominant market force. For Topcon structures, front-side silver paste and rear-side silver paste are responsible for the contact resistance of the boron-doped and phosphorus-doped surfaces, respectively. The Company has invested more than 5 years of technological reserves in the research of Topcon front and rear silver pastes. Its products have been introduced into the production lines of tier-one leading manufacturers, and it is actively expanding its customer base among tier-one leading companies. By customizing paste material formulations to accommodate customers' unique process conditions, the Company enhances the cost-performance ratio of its products and maintains market competitiveness, earning certifications and orders from multiple tier-one leading manufacturers. Front-side silver paste accounts heavily for production costs of cells while being determinative to efficiency of cells. In view that customers place the greatest importance on efficiency and yield rate, the Company unceasingly improve its products in terms of efficiency, quality, and printability by introducing new formulas and this is expected to drive significant increase in overall shipments.

Concerning the Company's business orientation, from the perspective of markets, we have extensive customer bases in the Asia-Pacific region and India. Most importantly, the Company has set up service offices in Taiwan and Mainland China to cover more than 90% of its cell customers. The primary goal of our production strategy is to increase production efficiency. We particularly maintain offices in Yancheng in China to provide our customers with proximal and convenient services, and these locations are also where we have remote backup systems in place.

(II) Expected Sales and Basis

According to InfoLink, the global demand for device in 2023 came in at 411GW. In 2024, the demands for solar energy will rise again, with the expected demand coming to 474GW after a 16% increase . The Company will always use our advantages in R&D and financial strength to maintain our position as a top-four supplier in terms of global market share, with the attempt to make our turnover higher in 2024 than in 2023.

(III) Major Policies for Production and Sales

1. The policies include: to improve our production yield and bargaining power, so as to continuously reduce costs in all aspects;
2. to refine product quality and to develop products having high conversion efficiency;
3. to enhance operation of Yancheng Giga Solar Materials Corporation, our subsidiary, and to increase our market share in China; and
4. to construct competent mass manufacturing and laboratory facilities, so as to have the capability of developing custom products.

III. Company Development Strategies

- (I) The strategies include: to have insight into downstream demands; improve and introduce back-side silver paste and front-side silver paste; and enhance production efficiency and yield while lowering production costs, so as to offer competitive customer prices;
- (II) to raise the competition threshold by improving conversion efficiency and enhancing quality features, thereby providing customer with a more comprehensive portfolio of silver paste and aluminum paste as well as efficient and quality services;
- (III) to actively apply our years of experience in cell materials to currently prevailing EV-related topics, so as to market cathode and anode materials.
- (IV) to horizontally expand specialty pasty applications, so as to be anticipative in new application markets; and
- (V) to branch out into business of semiconductor processes by re-investing Hua Hsu Company.

IV. Impacts from External Competition, Regulatory Climate, and Macro Economy

(I) External Competition Environments

The global solar paste market used to be dominated by foreign companies, which have now faded away due to reduced profit margins over these years. The current leading companies in the paste market are mainly from China, with a total market share of more than 50%.

With its excellent products and attentive after-sales services, the Company has successfully gained a firm foothold in the highly competitive market in China. By promoting business through both direct sales and distributors and providing direct services by our in-house technicians, the Company has successfully maintained its position as one of the top four dealers in the world.

The solar paste business has become increasingly fierce as more and more competitors join the industry recently. Fortunately, given that solar paste products have to pass severe reliability demonstration tests and satisfy the customers' expectation for high conversion efficiency plus the fact that solar modules usually have long service time up to 20 years, these technical requirements prevent small players from entering the market as it is difficult for them to control the costs and have competitiveness based on economies of scale.

(II) Regulatory Environment

With the strong support for renewable energy from governments, solar power looks promising in the long run. On the other hand, in the short term, the government's subsidy policy can drive significant changes in end customer demands and have impacts on supply-demand balance of upstream materials.

(III) Macro Economy

Although the total installed capacity of solar energy worldwide will double in the next decade, the annual newly installed capacity of solar energy worldwide will slow down from 2024. The era of persistent supply shortages and rising prices in the solar industry is no longer. However, the net-zero carbon emission target and the importance of energy self-sufficiency will continue to support market demand. Nevertheless, the solar industry faces challenges such as a significant increase in production capacity, inventory backlogs, and technological transitions, resulting in a complex dynamic market situation in 2024. Despite these challenges, the Company actively rebuilt customer relationships with its N-type silver paste in 2023 and rebounded in the second half of the year. In this harsh environment, the Company anticipates that its N-type silver paste will allow it to overtake competitors and regain its position as one of the top three global suppliers of solar conductive pastes.

In view of the foregoing changes in the external environment, the Company keep monitoring market demand changes, regulatory changes in different countries, the macro economy, and industrial competition, so as to take relevant actions promptly. To protect our selling process from raw materials' price fluctuation, the Company adopts a solid and effective mechanism to hedge raw material process and conduct sophisticated stock management. Also, the Company protects its business from risks

related to fluctuations of silver prices, exchange rates and interest rates by making wise financial plans, striving for the best returns for clients, employees, and all shareholders.

Chairperson: Chen Chi-Ming

Managerial personnel: Huang Wen-Jui

Finance Officer: Wang Tsai-Hua

Two. Company Profile

I. Date of Incorporation: July 11, 2003 in the Republic of China

Addresses and Phones of Head Office, Branch, and Factory:

| Name | Address | Phone |
|---|---|--------------|
| Head Office | 1F., No. 3, Gongye 1st Rd., Hsinchu Industrial Park, Hukou Township, Hsinchu County | (03)598-1886 |
| Shinfong Factory | No. 18, Ziqiang Rd., Hukou Township, Hsinchu County | (03)598-1886 |
| Taoyuan Science Industrial Park Factory | No. 789, Baiyu 3rd Rd., Guanyin Dist., Taoyuan City | (03)598-1886 |

II. Company History

The Company was initially established as a cosmetics dealer, and later changed its business field to improve profitability by issuing 10,000 thousand shares new shares in September 2008 due to acquisition of shares of the photovoltaic material division of Gigastorage Corporation. Since then, the Company has focused on solar paste business. In order to provide a complete overview of the Company's history, some milestones achieved by the photovoltaic material division of Gigastorage Corporation are also incorporated herein.

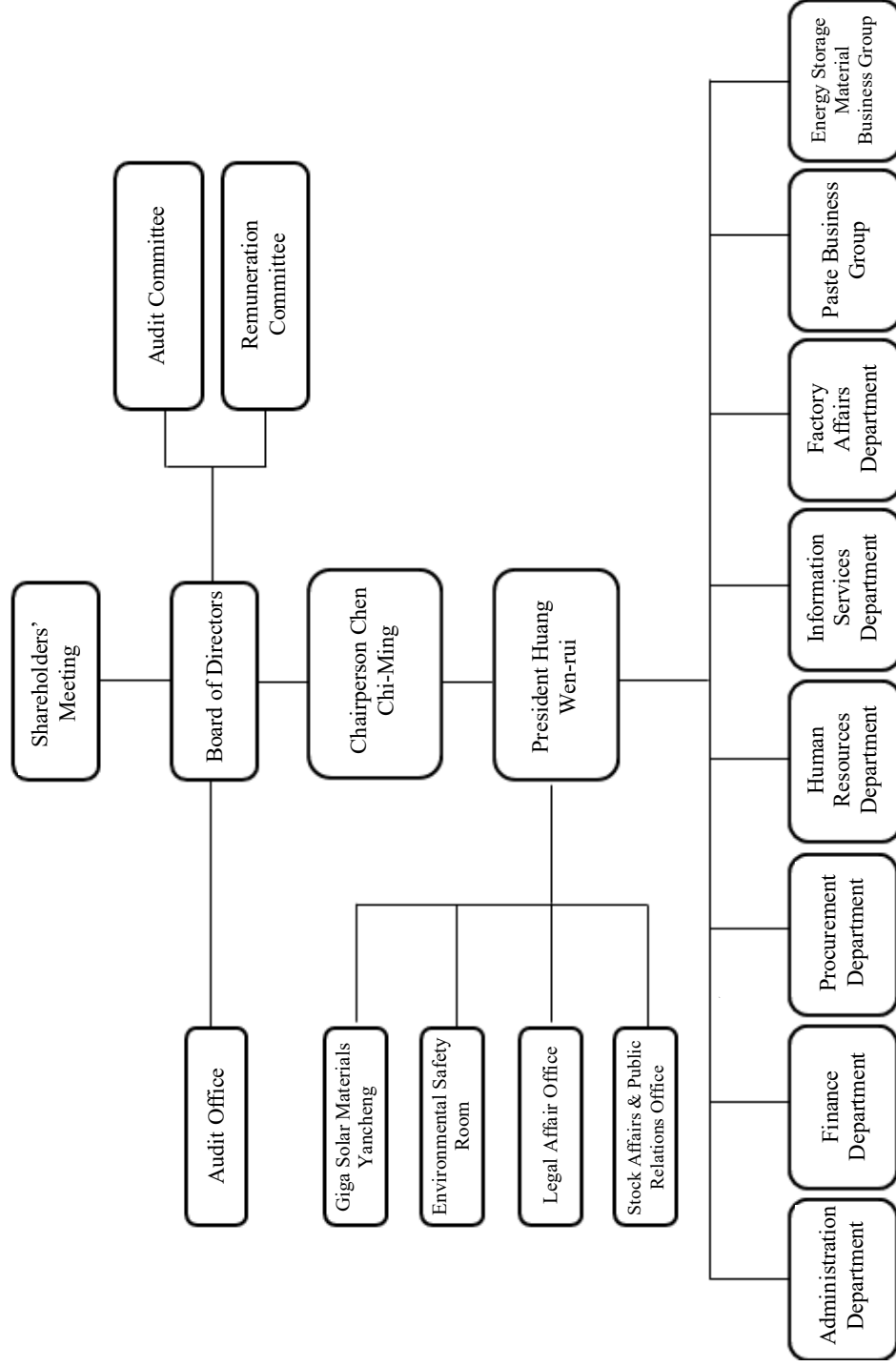
| Time | Chronicle of Events |
|----------------|---|
| July 2003 | The Company established Shinkang Technology Co., Ltd with a paid-in capital of NT\$1,000 thousand. |
| September 2006 | Gigastorage Corporation joined Leading Product Development Program supported by the Industrial Development Bureau and started development of solar paste products. |
| June 2007 | The photovoltaic material division of Gigastorage Corporation accomplished mass production and selling of solar conductive aluminum paste. |
| August 2007 | The photovoltaic material division of Gigastorage Corporation was granted a subsidy for solar conductive silver paste by Industrial Development Bureau through Leading Product Development Program. |
| October 2008 | The Company issued 10,000 thousand new shares for acquisition of shares of the photovoltaic material division from Gigastorage Corporation, with a paid-in capital reaching NT\$101,000 thousand. |

| | |
|----------------|--|
| November 2008 | The Company changed the Company's name to Giga Solar Materials Corporation. |
| August 2009 | The Company increased cash capital of NT\$100,000 thousand, with the paid-in capital after increase reaching NT\$201,000 thousand. |
| September 2009 | The Company started its public offering. |
| October 2009 | The Company applied for registration as an emerging stock company at TPEx. |
| November 2010 | The Company applied for TPEx listing. |
| June 2011 | The Company established a subsidiary in Suzhou, China. |
| December 2011 | The Company established a branch and a production base in Tainan Science Park. |
| June 2012 | The Company completed Tainan Power Farm – the largest single-area ground-mounted solar photovoltaic system in Taiwan. |
| August 2013 | The Company purchased a golf course in Fukushima, Japan for building a 17MW solar power generation system. |
| November 2014 | The Company completed power plants in Chiba and Japan, with a total capacity of about 2.34MW. |
| May 2015 | The Company completed 17MW grid-connection in Fukushima, |
| January 2016 | Japan and started selling electricity. |
| March | The Company established a subsidiary in Yancheng, China. |
| November 2018 | The Company cancelled the registration of its Tainan Science Park branch. |
| December 2020 | The Company established Shinfong Factory and received factory registration thereof. |
| August 2022 | The Company merged Exojet Technology Corporation. |
| June 2023 | The Company increased cash capital of NT\$160,000 thousand, with the paid-in capital after increase reaching NT\$918,830 thousand. |
| April 2024 | The Company established a factory in Taoyuan Technology and Industry Park and received factory registration thereof. |
| | The Company completed 3.6MW grid-connection in Wakayama, Japan and started selling electricity. |

Three. Corporate Governance Report

I. Organizational System 1. Organizational Structure

Giga Solar Materials Corporation



2. Functions of Department

| Department | Major Function |
|---|---|
| Chairperson | To supervise and direct General Manager to conduct all business of the Company |
| Audit Office | To detect defects of the company-wide internal control system and measure operational efficiency, to prepare audit reports, to give advice for improvement promptly, to reasonably secure continuous and effective implementation of the internal control system, and to assist the management in performing its responsibility. |
| General Manager | To execute the resolution of the Board of Directors, to comprehensively manage the operation of the whole company, to conduct coordination, to set business goals, and to direct and supervise departments and units to function as intended. |
| Legal Affair Office | To provide professional advice for litigation and legal affairs related to the Company, to review contracts, and to manage patents and other intellectual property rights. |
| Stock Affairs & Public Relations Office | To comprehensively manage the Company's relationship with investors and the press, and to plan and implement public-relation activities. |
| Environmental Safety Room | To protect employees' safety and health, to prevent occupational accidents, to provide workplaces that are safe and satisfy pollution control criteria |
| Administration Department | To manage general services and administrative as well as supportive operations. |
| Finance Division | To plan and implement accounting systems, to review various transactions for rationality and legality, to conduct taxation planning and financial management, to control and manage budgets, to conduct treasury management, and to analyze, compare and use financing tools. |
| Procurement Department | To handle purchase and procurement for the whole company. |
| Human Resources Department | To manage human resources, recruitment, retirement, and leave, to manage compensation and employee benefits, and to plan and implement employee education and training. |
| Information Services Department | To design, set up and maintain information systems, to maintain personal information peripheral equipment, to manage control rooms, and to handle information security and back up of information systems. |
| Factory Affairs Department | To manage utilities and sewage |
| Product Group | <p>To arrange and coordinate productivity and capacity, to build and manage manufacturing process activities, to address manufacturing process problems, and to monitor and control workflows.</p> <p>To promote sales and provide customer services, to collect information on markets and competitors, to set sales targets and sales forecasts, to prepare quotations, to receive orders, to ship products, to handle customer complaints and discounts, to control, manage and collect receivables, and to deal with customs affairs.</p> <p>To develop new products, to research innovative technologies, to plan and implement product design activities, and to manage and verify quality experiments and specifications about new product development.</p> <p>To, internally, improve product quality, and to, externally, provide customers with technical services.</p> |

II. Information on Directors, General Manager, Vice General Managers, Assistant retirement, General Managers, and Heads of Departments and Branch Units

1. Basic Information on Directors

| Job title | Nationality or Registration Place | Name | Gender Age | Date Elected | Term Expires | First Elected Date | Shareholding When Elected | | Current Shareholding | | Spouse & Minor Shareholding | | Shares Held through Other Parties | | Experience (Education) | Also Serves Concurrently as | Directors of Supervisor Officers, Directors, or Supervisors are Spouse or Within the Second Degree of Kinship to Each Other | | |
|----------------------|-----------------------------------|---|------------------------|--------------------|--------------|--------------------|---------------------------|--------------------|----------------------|--------------------|-----------------------------|--------------------|-----------------------------------|--------------------|--|-----------------------------|---|---------------------------------|--------------|
| | | | | | | | Number of Shares | Shareholding Ratio | Number of Shares | Shareholding Ratio | Number of Shares | Shareholding Ratio | Number of Shares | Shareholding Ratio | | | Job title | Name | Relationship |
| Directors | | Gigastorage Corporation | - | July 23, 2021 | 3 years | September 17, 2009 | 29,732 | 45.13% | 34,982 | 38.07% | 0 | 0 | 0 | 0 | - | - | - | - | - |
| | | Representative: Chen Chi-Ming (Chairperson) | Male 61-70 years old | July 23, 2021 | 3 years | September 17, 2009 | 189 | 0.29% | 151 | 0.16% | 0 | 0 | 0 | 0 | Department of Banking and Insurance, Feng Chia University Manager, Taiwan Cooperative Bank Co., Ltd. | (Note 1) | Directors Representative Directors Representative | Chen Chi-Hsing Chen Su-Hui | Sibling |
| | | Representative: Chen Chi-Hsing | Male 71-80 years old | July 23, 2021 | 3 years | September 17, 2009 | 0 | 0.00% | 0 | 0.00% | 0 | 0 | 0 | 0 | Department of Chemical Engineering, Chinese Culture University Division Chief, Gigastorage Corporation | (Note 2) | Chairperson Representative Directors Representative | Chen Chi-Ming Chen Su-Hui | Siblings |
| | | Representative: Lin Jiang-Ching | Male 61-70 years old | July 23, 2021 | 3 years | July 23, 2021 | 0 | 0.00% | 0 | 0.00% | 0 | 0 | 0 | 0 | Doctorate, Materials Engineering, National Tsing Hua University Gigastorage Corporation Vice General Manager | (Note 3) | - | - | - |
| Directors | | Chun-Rui Investment Co., Ltd. | | July 23, 2021 | 3 years | June 4, 2013 | 335 | 0.51% | 330 | 0.36% | 0 | 0 | 0 | 0 | - | - | - | - | - |
| | | Representative: Chen Su-Hui | Female 71-80 years old | July 23, 2021 | 3 years | June 2, 2015 | 32 | 0.049% | 0 | 0.00% | 0 | 0 | 0 | 0 | Doctorate, Graduate Institute of Medicine, Kaohsiung Medical University Professor, Kaohsiung Medical University Chief, Department of Pharmacy, Kaohsiung Medical University Chung-Ho Memorial Hospital Chief, Audit Office, Kaohsiung Medical University | (Note 4) | Chairperson Representative Directors Representative | Chen Chi-Ming Chen Chi-Hsing | Brother |
| | | Sincere Holding Co., Ltd. | - | July 23, 2021 | 3 years | July 23, 2021 | 2,686 | 4.08% | 4,686 | 5.10% | 0 | 0 | 0 | 0 | - | - | - | - | - |
| | | Hsu Chin-Jung | Male 71-80 years old | July 23, 2021 | 3 years | July 23, 2021 | 185 | 0.28% | 273 | 0.29% | 22 | 0 | 0 | 0 | Master's, Graduate Institute of Photovoltaics, National Chiao Tung University Vice Chairperson, Hermes-Eptek Corporation | (Note 5) | - | - | - |
| Directors | | Hong-Yang Venture Capital Co., Ltd. | - | September 30, 2021 | 3 years | September 30, 2021 | 8,000 | 10.54% | 9,265 | 10.08% | 0 | 0 | 0 | 0 | - | - | - | - | - |
| | | Wu Yi-Tso | Male 51-60 years old | September 30, 2021 | 3 years | September 30, 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Doctorate, Graduate Institute of Materials Science and Engineering, National Taiwan University Assistant Elite General Manager, Hon Hai Precision Industry Co., Ltd. | (Note 6) | - | - | - |
| | | Huang Wan-Jui | Male 61-70 years old | July 23, 2021 | 3 years | September 17, 2009 | 145 | 0.22% | 414 | 0.45% | 0 | 0 | 0 | 0 | Master's, Graduate Institute of Aerospace, Cheng Kung University Assistant Elite General Manager, Division of Photovoltaic Materials, Gigastorage Corporation | (Note 7) | - | - | - |
| | | Lo Shih-Wei | Male 51-60 years old | July 23, 2021 | 3 years | June 8, 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Department of Accounting, Chung Yuan Christian University EMBA, Chiao Tung University Senior Vice General Manager and CFO, ChipBond Technology Corporation | (Note 8) | - | - | - |
| Independent Director | | Chang Wan-Ming | Male 61-70 years old | July 23, 2021 | 3 years | June 8, 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Doctorate, Chemical Engineering, Carlson University (US) General Manager, Photovoltaic Device Development Group, WIN Semiconductors Corp. | (Note 9) | - | - | - |
| Independent Director | | Chia Hsin-Fu | Male 51-60 years old | July 23, 2021 | 3 years | June 8, 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Industrial Engineering B.S., National Tsing Hua University Master's, Graduate Institute of Business Management National Sun Yat-sen University Chairperson, Solarlum Corporation | (Note 10) | - | - | - |
| Independent Director | | Li Hui-Lung | Male 51-60 years old | July 23, 2021 | 3 years | June 8, 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Doctorate, Graduate Institute of Materials Science and Engineering, Taiwan University R&D, Technology & Business Vice General Manager, Ponte Taiwan Co., Ltd. | (Note 11) | - | - | - |

Note 1: Chairperson Chen Chi-Ming concurrently serves as Director of Gigastorage Corporation, Director of Global Acetech Co. Ltd, Representative of Juristic Person chairperson of Whole Sun Green Power Co., Ltd., Representative of Juristic Person chairperson of Whole Max Green Power Co., Ltd., Representative of Juristic Person chairperson of Ya Fei Solar Energy Co., Ltd., Representative of Juristic Person chairperson of Hunjin Enterprise Inc., Representative of Juristic Person chairperson of Giga Whole Energy Co., Ltd., Representative of Juristic Person chairperson of Whole Wing Energy Co., Ltd., Representative of Juristic Person chairperson of Whole Fund Energy Co., Ltd., Representative of Juristic Person chairperson of Huiqun Energy Co., Ltd., Representative of director of Eiwa Electric Power Co., Inc., Representative of Juristic Person chairperson of Yuandeng Solar Energy Co., Ltd., Representative of Juristic Person Director of Big Sun Energy Technology Inc., Representative of Juristic Person chairperson of Giga Solar Green Power Co., Ltd., Representative of Juristic Person chairperson of Giga Solar No.1 Co., Ltd., Representative of Juristic Person chairperson of Giga Solar No.2 Co., Ltd., Representative of Juristic Person chairperson of Giga Solar No.3 Co., Ltd., Representative of Juristic Person chairperson of Yijia Energy Co., Ltd., Representative of Juristic Person chairperson of Li Cheng Energy Co., Ltd., Representative of Juristic Person chairperson of Shuoyitai Green Energy Co., Ltd., Representative of Juristic Person Director of Jieshuo Co., Ltd., Representative of Juristic Person chairperson of Tai Ling Energy Technology Corporation, Representative of Juristic Person chairperson of Ri Fa Green Power Co., Ltd., Representative of Juristic Person chairperson of Jin Ya Shin Photoelectric Co., Ltd., Representative of Juristic Person chairperson of Yun Hui Power Inc., Representative of Juristic Person chairperson of Mingxiang Energy Co., Ltd., Representative of Juristic Person Director of Ho Mi Specialty Materials Corporation, Representative of Juristic Person Director of Suzhou Giga Solar Materials Corporation, Representative of Juristic Person Director of Yancheng Giga Solar Materials Corporation, Representative of Juristic Person Director of Yancheng Giga Diamond Materials Corporation, Director of Green Energy Electrode, Inc., Representative of Juristic Person chairperson of Giga Solar Materials Corporation, Representative of Juristic Person chairperson of Wisdom Field Limited, Representative of Juristic Person Director of Merchant Energy Pte. Ltd., Representative of Juristic Person Director of of Sunshine Solar Power Generation Co., Inc.

Note 2: Director Chen Chi-Hsing concurrently serves as Representative of Juristic Person Director of UJGIGA Co., Ltd.

Note 3: Director Lin Jiang-Ching concurrently serves as Vice President of Gigastorage Corporation, President and Representative of Juristic Person Director of Giga Solar Green Power Co., Ltd., Representative of Juristic Person Supervisor of Whole Sun Green Power Co., Ltd., Representative of Juristic Person Director of Ligao Optoelectronics Co., Ltd., Representative of Juristic Person supervisor of Lichao Optoelectronics Co., Ltd., Representative of Juristic Person Director of Yusheng Energy Co., Ltd., Representative of Juristic Person Director of Ri Fa Green Power Co., Ltd., Representative of Juristic Person Supervisor of Sufu Co., Ltd., Supervisor of Shuoyitai Green Energy Co., Ltd., Supervisor of Jieshuo Co.

Note 4: Director Chen Su-Hui concurrently serves as Director of Gigastorage Corporation, Responsible Person of Chun-Ru Investment Co., Ltd.

Note 5: Director Hsu Chin-Jung concurrently serves as Representative of Juristic Person Chairperson of Huntetex Corp., Representative of Juristic Person Chairperson of Heron Neutron Medical Corp., Representative of Juristic Person Chairperson of Shinyu Light Co., Ltd., Chairperson of HonSean-JY Company Limited., Chairperson of JadeYale-CY Company Limited, Representative of Juristic Person Director of Episil Technologies Inc., Director of Hermes-Epitex Corporation; Director of Han Shin Corp., Director of Advanced Ion Beam Technology, Inc.

Note 6: Director Wu Yi-Zuo is also the institutional director representative of Rongtan Technology Co., Ltd. and the institutional director representative of Simpo Technology Co., Ltd.

Note 7: Director Huang Wen-Rui is concurrently President of the Company, Representative of Institutional Chairman of Huaxu Silicon Materials Co., Ltd., Representative of Institutional Director of Hexun Green Power Corporation, Director of Rongtan Technology Supervisor of Sino-American Silicon Energy Corporation, Representative of Institutional Supervisor of Silicon Harmony Corporation, Representative of Institutional Supervisor of VIF Optoelectronics Co., Ltd., Representative of Institutional Director of Chuang Yi Energy Technology Co., Ltd., Representative of Director of Yung Ho Power Co., Ltd., Representative of Institutional Person of Suzhou Merchant Energy Pte. Ltd. Representative of Institutional Person of Yancheng Merchant Electronic Material Co., Ltd. Representative of Institutional Person of Yancheng Merchant Electronic Materials Co., Ltd. Representative of Institutional Person of Yancheng Merchant Electronic Materials Co., Ltd. Representative of Institutional Person of Yancheng Merchant Electronic Materials Co., Ltd. Director, Representative of Institutional Chairman of Giga Diamond Materials Corporation; Representative of Institutional Chairman of Shanggao Rongan Technology Co., Ltd.; Representative of Institutional Chairman of Baoshan Rongli Technology Co., Ltd.; Representative of Institutional Chairman of Jiangmen Rong-Tan Electronics Representative of the juridical person Chairman of the Company.

Note 8: Director Luo Shih-Wei is concurrently Senior Vice President of the Management Center and CFO of Chippont Technology Co., Ltd., Representative of Legal Person, Director of Huatai Electronics Co., Ltd., Representative of Legal Person, Director Representative, Nomination, Salary, and Appraisal Committee of Hefei Chi Chung Technology Co., Ltd. Committee Member, Representative of Institutional Director of Hefei Chorning Materials Technology Co., Ltd., Independent Director, Remuneration Committee and Audit Committee member of Sunshine Holding Co., Ltd., Independent Director and Member of Audit Committee and Remuneration Committee of Huaxu Silicones Co., Ltd., Chicheng Investment Co., Ltd. Chairman of the Company limited by shares.

Note 9: Director Wen-Ming Chang concurrently serves as Director of WIN Semiconductors Corporation and President of Epitaxy Manufacturing Group/Optoelectronics Business Center of WIN Semiconductors Corporation.

Note 10: Director Hsin-Fu Qiu is concurrently Chairman of Chaoyang Agricultural Products Technology Co., Ltd., Representative of Institutional Person of Microelectronics Energy Co., Ltd., Representative of Institutional Person of Green Light No. 1 Smart Energy Co., Ltd., Representative of Legal Person of Smart Energy Co., Ltd.; Representative of Legal Person of Green Light Smart Energy Co., Ltd.; Representative of Legal Person of Huoquan No. 1 Smart Energy Co., Ltd.; Representative of Legal Person of Yunyang Smart Energy Co., Ltd.; Representative of Legal Person of Pingchao Smart Energy Co., Ltd.; Representative of Institutional Chairman of ROC Energy Co., Ltd.; Representative of Institutional Chairman of Taiwan Rural Electric Power Corporation; Representative of Institutional Chairman of Pingchao Smart Energy Co., Ltd.; Representative of Institutional Chairman of Jiachao Smart Energy Co., Ltd.; Representative of the institutional chairman of Tianxing No. 1 Smart Energy Co., Ltd.; Representative of the institutional chairman of Tianxing No. 1 Smart Energy Co., Ltd.; Representative of the institutional chairman of Tianxing No. 2 Smart Energy Co., Ltd.; Representative of the institutional chairman of Tianxing No. 3 Smart Energy Co., Ltd.; Representative of Legal Person, Xing-4 Smart Energy Co., Ltd.; Representative of Legal Person, Tianxing-5 Smart Energy Co., Ltd.; Representative of Legal Person, Tianxing-6 Smart Energy Co., Ltd.; Representative of Legal Person, Tianxing-7 Smart Energy Co., Ltd. Representative of Institutional Chairman, Representative of Legal Person of Wannian No. 1 Smart Energy Co., Ltd., Representative of Legal Person of Wannian No. 2 Smart Energy Co., Ltd., Representative of Legal Person of Changyang Smart Energy Co., Ltd., Legal Person of Chia Yang Smart Energy Co., Ltd. Representative of Chairman; Representative of Legal Person, Chairman of Nanyang Smart Energy Co., Ltd.; Representative of Legal Person, Chairman of Pingyang Smart Energy Co., Ltd.; Representative of Legal Person, Yun Chao Smart Energy Co., Ltd.; Representative of Legal Person, Chairman of Nan Chao Smart Energy Co., Ltd., Representative of the legal person chairman of Chang Chao Smart Energy Co., Ltd.

Note 11: Director Li Hui-Lung concurrently serves as Director of Porite Taiwan Co., Ltd., Ltd., R&D, Technology and Business Vice General Manager Porite Taiwan Co., Ltd.

Table 1: Major Shareholders of Juristic Person Shareholders

April 9, 2024

| Name of Juristic Person Shareholder | Major Shareholders of Juristic Person Shareholder | Shareholding (%) (%) |
|--|---|----------------------------|
| Gigastorage Corporation | Chen Chi-Ming | 4.03 % |
| | Chen Su-Hui | 2.58 % |
| | Vision Holdings Ltd. | 2.28 % |
| | Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds | 1.28 % |
| | Li Shu-Hui | 1.27 % |
| | JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds | 1.18 % |
| | Tron Energy Technology Corporation | 1.09 % |
| | Chen Min-Min | 0.97 % |
| | Wu, His-Kun | 0.95 % |
| | Ko Ju-Yun | 0.65 % |
| Hong-Yang Venture Capital Co., Ltd. | Hon Hai Precision Industry Co., Ltd. | 97.95 % |
| | Bao Xin International Investments Limited | 2.05 % |
| Sincere Holding Co., Ltd. | Cathay United Bank in custody for Public Interest Trust Yeats Social Welfare Fund | 100 % |

Table 2: Major Shareholders of Shareholders in Table 1 with Major Shareholders are Juristic Persons:

April 9, 2024

| Name of Juristic Person Shareholder | Major Shareholders of Juristic Person Shareholder | Shareholding (%) |
|---|---|------------------|
| Vision Holdings Ltd. | Jixing International Co., Ltd., British Virgin Islands | 80.00 % |
| | Huang Min-Chi | 8.30 % |
| | Lu Hui-Chiang | 3.86 % |
| | Lin Shu-Ling | 4.46 % |
| | Huang Mei-Yun | 2.38 % |
| | JadeYale-CY Company Limited | 1.00 % |
| Tron Energy Technology Corporation | Bradbury Strategic Investment Fund A, British Cayman Islands | 13.33 % |
| | Giga Solar Materials Corporation | 10.40 % |
| | Li Chi-Lin | 9.84 % |
| | Wang Yuan-Hung | 9.05 % |
| | Wang Zhi-Wei | 3.31 % |
| | Huang Chen-Sheng | 2.98 % |
| | Shiang En Investment Co., Ltd. | 2.44 % |
| | Lu Tai Investment Co., Ltd. | 2.19 % |
| | Hsieh Yu-Lun | 1.67 % |
| | Fu Hwa Innovation Co., Ltd. | 1.67 % |
| Hon Hai Precision Industry Co., Ltd. | Terry Gou | 12.56 % |
| | Citibank in custody for Singapore Government Investment Account | 2.78 % |
| | Labor Pension Fund (the New Fund) | 1.64 % |
| | Standard Chartered Bank in custody for Liechtenstein Bank Investment Account | 1.20 % |
| | JPM in custody for Vanguard Emerging Markets Stock Index Fund | 1.19 % |
| | JPM in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds | 1.14 % |
| | Citibank in custody for Norwegian Central Bank Investment Account | 1.06 % |
| | Citibank in custody for Hon Hai Precision Industry Co., Ltd. Depositary Receipt Account | 1.06 % |
| | CTBC Bank in custody for Yuanta Taiwan Excellence 50 | 0.89 % |
| | Standard Chartered Bank - iShares Emerging Markets ETF Investment Account | 0.82 % |
| Bao Xin International Investments Limited | Hon Hai Precision Industry Co., Ltd. | 100.00 % |

2. Information on Professional Qualification of Directors and Independence of Independent Directors:

| Name \ Criteria | | Professional Qualification & Experience | Independence | Concurrently serving as an independent director in other publicly listed companies |
|-----------------|---|--|---|--|
| Directors | Gigastorage Corporation Representative: Chen Chi-Ming | <ul style="list-style-type: none"> ● Department of Banking and Insurance, Feng Chia University ● Being Incumbent Chairperson of the Company, serving as Chairperson of public listed Gigastorage Corporation; Having experience in leading boards of directors in many companies ● More than 20 years of banking and financial experience ● Having more than five years of professional experience in commercial affairs, business affairs and financial affairs | <p>The corporate shareholder of GAS CORPORATION which holds more than 38.07% of the issued shares of the Company, and the largest shareholder of the Company.</p> <p>Mr. Jiming Chen also acted as the Chairman of the Board of Directors of Guoshuo Company.</p> <p>Being a natural-person shareholder who does not hold shares, together with those not held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>None of the circumstances specified in Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act.</p> <p>Free from any of the circumstances referred to in Article 30 of the Company Act</p> | 0 |
| Directors | Gigastorage Corporation Representative: Chen Chi-Hsing | <ul style="list-style-type: none"> ● Department of Chemical Engineering, Chinese Culture University ● Having experience in acting as directors of listed company and running boards of directors in many companies ● Having more than 10 years of experience in energy system development and public relationship ● Having more than five years of professional experience in business affairs | <p>The corporate shareholder of GAS CORPORATION which holds more than 38.07% of the issued shares of the Company, and the largest shareholder of the Company.</p> <p>Being a natural-person shareholder who does not hold shares, together with those not held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>None of the circumstances specified in Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act.</p> <p>Free from any of the circumstances referred to in Article 30 of the Company Act</p> | 0 |
| Directors | Gigastorage Corporation Representative: Lin Jiang-Ching | <ul style="list-style-type: none"> ● Doctorate, Materials Engineering, National Tsing Hua University ● Having experience in running boards of directors in many companies ● Having more than 5 years of experience in green energy systems ● Having more than five years of professional experience in business affairs | <p>The corporate shareholder of GAS CORPORATION which holds more than 38.07% of the issued shares of the Company, and the largest shareholder of the Company.</p> <p>Being a natural-person shareholder who does not hold shares, together with those not held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>Not having a marital relationship or a relative within the second degree of kinship with any other director.</p> <p>None of the circumstances specified in Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act.</p> <p>Free from any of the circumstances referred to in Article 30 of the Company Act</p> | 0 |

| Name \ Criteria | | Professional Qualification & Experience | Independence | Concurrently serving as an independent director in other publicly listed companies |
|-----------------|--|--|--|--|
| Directors | Chun-Ru Investment Co., Ltd. Representative: Chen Su-Hui | <ul style="list-style-type: none"> ● Doctorate, Graduate Institute of Medicine, Kaohsiung Medical University ● Having served as professors and lecturers in public and private colleges and universities for courses related to the business field in which the Company operates; Having experience in biomedical industry ● Having experience in running boards of directors in listed companies ● Having more than five years of professional experience in business affairs | <p>A corporate shareholder of Chun-Ru Investment Co., Ltd., to which the Company holds more than 0.36% of the Company's outstanding shares.</p> <p>Being a natural-person shareholder who does not hold shares, together with those not held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>None of the circumstances specified in Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act.</p> <p>Free from any of the circumstances referred to in Article 30 of the Company Act</p> | 0 |
| Directors | Sincere Holding Co., Ltd. Representative: Hsu Chin-Jung | <ul style="list-style-type: none"> ● Master's, Graduate Institute of Photovoltaics, National Chiao Tung University ● Having served as directors in experience in TPEx listed companies; having experience in leading boards of directors in listed companies ● Having more than 10 years of experience in the semiconductor industry ● Having more than five years of professional experience in business affairs | <p>The corporate shareholder of Sincere Holding Co., Ltd. which holds more than 5.10% of the issued shares of the Company, and one of the top ten shareholders of the Company.</p> <p>Being a natural-person shareholder who does not hold shares, together with those not held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>Not having a marital relationship or a relative within the second degree of kinship with any other director.</p> <p>None of the circumstances specified in Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act.</p> <p>Free from any of the circumstances referred to in Article 30 of the Company Act</p> | 0 |
| Directors | Hong-Yang Venture Capital Co., Ltd. Representative: Wu Yi-Tso | <ul style="list-style-type: none"> ● Doctorate, Graduate Institute of Materials Science and Engineering, National Taiwan University ● Having experience in running boards of directors in TPEx registered companies ● Having more than ten years of experience in the energy storage material industry ● Having more than five years of professional experience in business affairs | <p>The corporate shareholder of Hong-Yang Venture Capital Co., Ltd. which holds more than 10.08% of the issued shares of the Company, and the second largest shareholder of the Company.</p> <p>Being a natural-person shareholder who does not hold shares, together with those not held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>Not having a marital relationship or a relative within the second degree of kinship with any other director.</p> <p>None of the circumstances specified in Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act.</p> <p>Free from any of the circumstances referred to in Article 30 of the Company Act</p> | 0 |

| Name | | Criteria | Professional Qualification & Experience | Independence | Concurrently serving as an independent director in other publicly listed companies |
|----------------------|----------------|----------|---|--|--|
| Directors | Huang Wen-Jui | | <ul style="list-style-type: none"> ● Master's, Graduate Institute of Aerospace, Cheng Kung University ● Being Incumbent General Manager of the Company, serving as Representative of Juristic Person Chairperson of TPEx registered Hua Hsu Silicon MaterialsCo., Ltd., and having experience in running boards of directors in many public listed and TPEx listed companies ● Having more than 20 years of experience in the materials industry ● Having more than ten years of experience in the energy storage material industry ● Having more than five years of professional experience in commercial affairs, business affairs and financial affairs | <p>A managerial officer who also serves as the President of the Company.</p> <p>Being a natural-person shareholder who does not hold shares, together with those not held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>Not having a marital relationship or a relative within the second degree of kinship with any other director.</p> <p>None of the circumstances specified in Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act.</p> <p>Free from any of the circumstances referred to in Article 30 of the Company Act</p> | 0 |
| Independent Director | Lo Shih-Wei | | <ul style="list-style-type: none"> ● EMBA, Chiao Tung University ● Serving as the convener of the Company's Audit and Remuneration Committee ● Having passed the national CPA examination and holding professional and technical certificates ● Senior Vice General Manager and CFO, Chipbond Technology Corporation ● Having served as independent directors in TPEx listed and public listed companies; having experience in leading boards of directors in many companies ● Having more than 5 years of working experience required by business, accounting, and finance of the Company | <p>(1) Not an employee of the Company; nor an employee of its affiliated enterprises.</p> <p>(2) Not a director or supervisor of the Company; nor a director or supervisor of its affiliated enterprises; not a director or supervisor of the Company, nor a director or supervisor of its affiliated enterprises (provided that this shall not apply where the director/supervisor is an independent director of the Company or its parent company, and any company of which a majority of shares with voting right are held by the Company directly or indirectly).</p> <p>(3) Not being a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> | 2 |
| Independent Director | Chang Wen-Ming | | <ul style="list-style-type: none"> ● Doctorate, Chemical Engineering, Carlson University (US) ● Serving as a commissioner in the Company's Audit and Remuneration Committee ● General Manager, Photovoltaic Device Development Group, WIN Semiconductors Corp. ● Having experience in running boards of directors in TPEx listed companies ● Having more than 10 years of experience in the semiconductor and specialty wafer industry ● Having more than 5 years of working experience required by business and operation of the Company | <p>(4) Not being the spouse, a relative within the second degree of kinship, or a lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons listed in (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of a juristic person shareholder which directly owns more than 5% of the Company's outstanding shares; nor a director, supervisor or employee of the top five juristic person shareholder which are owners of the Company's issued shares (provided that this shall not apply to independent directors appointed in accordance with Subarticle 1 or 2, Article 27 of the Company Act or the laws and regulations of the local country by, and concurrently serving as such</p> | 0 |

| Name | | Criteria | Professional Qualification & Experience | Independence | Concurrently serving as an independent director in other publicly listed companies |
|----------------------|--------------|----------|--|--|--|
| Independent Director | Chiu Hsin-Fu | | <ul style="list-style-type: none"> ● Master's, Graduate Institute of Business Management National Sun Yat-sen University ● Serving as a commissioner in the Company's Audit and Remuneration Committee ● Chairperson, Solarfarm Corporation ● Having experience in leading boards of directors in many companies ● Having more than 10 years of experience in the green energy industry ● Having more than 5 years of working experience required by business, finance, and operation of the Company | <p>at, a public company and its parent or subsidiary or a subsidiary of the same parent).</p> <p>(6) Not a director, supervisor, or employee of a company in which a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person (provided that this shall not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).</p> <p>(7) Not a director (or governor), supervisor, or employee of a specified company or institution who is the same person as or a spouse of the Company's chairperson, general manager, or a person holding an equivalent position of the Company.</p> <p>(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (Not applicable to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.)</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting, or related services to the Company or any affiliate of the Company for which the provider in the most recent two fiscal years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. Yet this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p> <p>(10) Not having a marital relationship or a relative within the second degree of kinship with any other director.</p> <p>(11) Free from any of the circumstances referred to in Article 30 of the Company Act</p> <p>(12) Not being elected as the government, a Juristic Person, or its representative as defined in Article 27 of the Company Act.</p> | 0 |
| Independent Director | Li Hui-Lung | | <ul style="list-style-type: none"> ● Doctorate, Graduate Institute of Materials Science and Engineering, Taiwan University ● Serving as a commissioner in the Company's Audit and Remuneration Committee ● R&D, Technology & Business Vice General Manager, Porite Taiwan Co., Ltd. ● Having experience in running boards of directors in companies ● Having more than 20 years of experience in the materials industry ● Having more than ten years of experience in the energy storage material industry ● Having more than 5 years of working experience required by business and operation of the Company | <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting, or related services to the Company or any affiliate of the Company for which the provider in the most recent two fiscal years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. Yet this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p> <p>(10) Not having a marital relationship or a relative within the second degree of kinship with any other director.</p> <p>(11) Free from any of the circumstances referred to in Article 30 of the Company Act</p> <p>(12) Not being elected as the government, a Juristic Person, or its representative as defined in Article 27 of the Company Act.</p> | 0 |

3. Independence and Diversity of Directors:

The Company has “Corporate Governance Best-Practice Principles” in place in which the board’s structure and its member diversity are provided.

As provided, for optimizing the board’s structure, the composition of the board of directors shall be determined by taking diversity into consideration.

It is advisable that the number of directors concurrently serving as managerial personnel not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company’s business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

- I. Basic requirements and values: gender, age, nationality, and culture.
- II. Professional knowledge and skills: a professional background (e.g. law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

All board members shall possess the knowledge, skills, and characters needed to exercise their duties. In order to achieve the goals of corporate governance, the board as a whole should have the following capabilities:

- I. Ability to make operational judgments.
- II. Accounting and financial analysis.
- III. Business administration.
- IV. Crisis management.
- V. Industry Knowledge.
- VI. Vision of the global market.
- VII. Leadership.
- VIII. Decision-Making Ability.

The members are professionals each possessing advanced expertise in operational strategies, management, industry, finance, and accounting, expected to provide the Company with professional advice from diverse perspectives.

| Key Diversity Considerations | Nationality | Gender | Age | independent director Service Term | concurrently serving as employees | Ability to make operational judgments | Accounting and financial analysis | Business administration | Crisis management | Industry Knowledge | Vision of the global market | Leadership | Decision-Making Ability |
|---|-------------------|--------|-----------------|-----------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|-------------------------|-------------------|--------------------|-----------------------------|------------|-------------------------|
| Gigastorage Corporation Representative: Chen Chi-Ming | Republic of China | Male | 61-70 years old | — | | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Gigastorage Corporation Representative: Chen Chi-Hsing | Republic of China | Male | 71-80 years old | — | | ✓ | | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Gigastorage Corporation Representative: Lin Jiang-Ching | Republic of China | Male | 61-70 years old | — | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Chun-Ru Investment Co., Ltd. Representative: Chen Su-Hui | Republic of China | Female | 71-80 years old | — | | ✓ | | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Sincere Holding Co., Ltd. Representative: Hsu Chin-Jung | Republic of China | Male | 71-80 years old | — | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Hong-Yang Venture Capital Co., Ltd. Representative: Wu Yi-Tso | Republic of China | Male | 51-60 years old | — | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Huang Wen-Jui | Republic of China | Male | 61-70 years old | — | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Lo Shih-Wei | Republic of China | Male | 51-60 years old | 3-9 years | | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Chang Wen-Ming | Republic of China | Male | 61-70 years old | 3-9 years | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Chiu Hsin-Fu | Republic of China | Male | 51-60 years old | 3-9 years | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Li Hui-Lung | Republic of China | Male | 51-60 years old | 3-9 years | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

The Company currently has 11 board members, including 4 independent directors. Independent directors accounted for 36%, and all of them had more than 3 years of service. Female directors account for 9%, and directors who are also employees account for 9%. 4 directors are aged 51-60, 4 directors are aged 61-70, and 3 directors are 71-80 years old. The Company’s Board of Directors exercises its powers independently. The independence is as described in Page 17-20.

2. In formation on General Manager, Vice General Managers, Assistant – {General Managers, and heads of departments and branch units

April 9, 2024
Unit: share

| Job title | Nationality | Name | Gender | Inaugurated Date | Shareholding | | Shares held by spouse and minor children | | Shares Held through Other Parties | | Experience (Education) | Position concurrently held in other companies | Having spouse or any relative within the second degree of kinship who serves as the Company's officer | | | Remarks |
|---|-------------------|---------------|--------|---------------------------------|------------------|--------------------|--|--------------------|-----------------------------------|--------------------|---|--|---|------|--------------|---------|
| | | | | | Number of Shares | Shareholding Ratio | Number of Shares | Shareholding Ratio | Number of Shares | Shareholding Ratio | | | Job title | Name | Relationship | |
| General Manager | Republic of China | Huang Wen-Jui | Male | September 17, 2009 | 414,115 | 0.45% | 0 | 0 | 0 | 0 | Master's, Graduate Institute of Aerospace, Cheng Kung University Gigastorage Corporation Photovoltaic Material Division Assistant University General Manager | Note 1 | - | - | - | - |
| Vice General Manager, Sales Division | Republic of China | Chen Yuan-Yu | Male | March 8, 2013 | 22,792 | 0.025% | 0 | 0 | 0 | 0 | University of Southern California Industrial and System Engineering Master of Science Manager, Sales Department, Gigastorage Corporation | Representative of Corporate Supervisor of Suzhou Giga Solar Materials Corporation Representative of Corporate Supervisor of Yancheng Giga Solar Materials Corporation | - | - | - | - |
| Vice General Manager, R&D Division | Republic of China | Yan Guang-Fu | Male | August 12, 2013 | 33,180 | 0.036% | 0 | 0 | 0 | 0 | Doctorate, Department of Chemistry, Tsing Hua University R&D Manager, Gigastorage Corporation Principal Engineer, R&D Division, Prodisc Technology Inc. Manager, R&D Department, Orghem Technologies, Inc. Manager, R&D Department, Coremax Corporation | Representative of Juristic Person Director of Whole Sun Green Power Co., Ltd. Supervisor of Oleader Technologies Co., Ltd. | - | - | - | - |
| Head of Production Division Head of Technical Development Division | Republic of China | Li Tsung-Yuan | Male | July 21, 2009 | 79,000 | 0.09% | 0 | 0 | 0 | 0 | Master's, Graduate Institute of Business and Administration, Tsing Hua University Assistant Manager, Forming Division, Gigastorage Corporation | None | - | - | - | - |
| Finance Officer Accounting Head | Republic of China | Wang Tsai-Hua | Female | June 23, 2017 March 29, 2018 | 39,000 | 0.042% | 0 | 0 | 0 | 0 | Department of Accounting, Chengchi University Master's, Graduate Institute of Management, The London School of Economics and Political Science Deloitte and Touche manager E Ink Holdings Inc. manager | ACRO Biomedical Co., Ltd. Representative of Juristic Person Director | - | - | - | - |

Note 1: See remarks for Basic Information on Directors in P. 10.

3. If the chairman of the board and the general manager or a person with a similar position (top manager) are the same person, each other's spouse or first-degree relative, the reasons, rationality, necessity and countermeasures should be explained: None.

III. Remuneration paid to Directors, Supervisors, General Manager, and Vice General Manager during the most recent fiscal year

(1) Remuneration for Directors and Independent Directors (with directors' name and remuneration disclosed in an individual manner)

Unit: NTD thousand

| Job title | Name | Remuneration for directors | | | | | | Sum of A, B, C, and D and as a % of the net income (loss) after tax (Note 10) | Remuneration received for concurrently serving as an employee | | | | Total amount of A, B, C, D, E, F and G and the proportion in the net benefit (loss) after tax (Note 10) | Remuneration received from re-invested business or Parent Company in addition to the subsidiary (Note 11) | | | |
|-------------------------|--|------------------------------|--|------------------------|--|---|--|--|---|--|--|------------------------|---|--|--------------------------------------|----------------|--|
| | | Compensation (A) (Note 2) | | Retirement pension (B) | | Directors' compensation (C) (Note 3) | | | Business execution costs (D) (Note 4) | | Salary, bonus, and special expenses, etc. (E) (Note 5) | Retirement pension (F) | | | Employee's compensation (G) (Note 6) | | |
| | | The Company | All companies in financial report (Note 7) | The Company | All companies in financial report (Note 7) | The Company | All companies in financial report (Note 7) | | The Company | All companies in financial report (Note 7) | | Cash Amount | | | Stock Amount | The Company | All companies in financial report (Note 7) |
| Directors | Gigastorage Corporation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | None | |
| | Representative: Chen Chi-Ming | 0 | 0 | 0 | 0 | 0 | 80 (0.01) | 3,384 | 3,384 | 0 | 0 | 0 | 0 | 0 | 3,464 (0.43) | 4,259 | |
| | Representative: Chen Chi-Hsing | 0 | 0 | 0 | 0 | 0 | 80 (0.01) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 80 | 1,862 | |
| | Representative: Lin Jiang-Ching | 0 | 0 | 0 | 0 | 0 | 80 (0.01) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 80 | 1,979 | |
| Directors | Chun-Ru Investment Co., Ltd. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | None | |
| | Representative: Chen Su-Hui | 0 | 0 | 0 | 0 | 0 | 80 (0.01) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 80 | 60 | |
| Directors | Sincere Holding Co., Ltd. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | None | |
| | Representative: Hsu Chin-Jung | 0 | 0 | 0 | 0 | 0 | 80 (0.01) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 80 | None | |
| Directors | Hong-Yang Venture Capital Co., Ltd. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | None | |
| | Representative: Wu Yi-Tso | 0 | 0 | 0 | 0 | 0 | 80 (0.01) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 80 | None | |
| Directors | Huang Wen-Jui | 0 | 0 | 0 | 0 | 0 | 80 (0.01) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 80 | None | |
| | Representative: Wu Yi-Tso | 0 | 0 | 0 | 0 | 0 | 120 (0.01) | 3,837 | 3,837 | 108 | 0 | 0 | 0 | 0 | 4,025 (0.50) | 無 | |
| Independent Director | Lo Shih-Wei | 480 | 960 | 0 | 0 | 0 | 205 (0.08) | 0 | 0 | 0 | 0 | 0 | 0 | 615 (0.08) | 1,165 (0.14) | None | |
| Independent Director | Chang Wen-Ming | 480 | 480 | 0 | 0 | 0 | 135 (0.08) | 0 | 0 | 0 | 0 | 0 | 0 | 615 (0.08) | 615 (0.08) | None | |
| Independent Director | Chiu Hsin-Fu | 480 | 480 | 0 | 0 | 0 | 135 (0.08) | 0 | 0 | 0 | 0 | 0 | 0 | 615 (0.08) | 615 (0.08) | None | |
| Independent Director | Li Hui-Lung | 480 | 480 | 0 | 0 | 0 | 135 (0.08) | 0 | 0 | 0 | 0 | 0 | 0 | 615 (0.08) | 615 (0.08) | None | |

1. Specify the policy, system, criteria, and structure based on which the remuneration for independent directors is paid, and specify the relevance of the remuneration amounts paid for individual directors in terms of role, risk, and time used.

Matters related to independent directors of the Company shall all be subject to the Company's "Rules Governing the Scope of Powers of Independent Directors", unless provided otherwise by relevant laws and rules.

The Company, in accordance with relevant procedures, provides remuneration for independent directors in the form of a fixed monthly salary, rather than as distributions from the earnings of the Company.

All independent directors of the Company shall pursue continuing education, including attending the relevant training courses as required, and shall, on monthly basis, review the Company's audit report and supervise the following

I. The Company's business plans.

II. Annual and semi-annual financial reports.

III. Review of the adoption of or amendments to the internal control system of the Company.

IV. Review of the adoption of or amendments to the procedures for handling material financial or business activities, such as acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.

V. Matters in which a director is an interested party.

VI. Asset transactions or derivatives trading of a material nature.

VII. Loans of funds, endorsements, or provision of guarantees of a material nature.

VIII. The offering, issuance, or private placement of equity-type securities.

IX. The hiring or dismissal of a certified public accountant and their compensation.

X. The appointment or discharge of a financial, accounting, or internal audit officer.

XI. Other matters required by law, regulation, or the articles of incorporation to be approved by resolution at a shareholder meeting or a board meeting, or any matter of a material nature as prescribed by the competent authority.

2. Remuneration received by Directors for providing services to any of the companies in the financial report during the most recent fiscal year (such as serving as non-employee consultants) except for those disclosed in the table above: None.

Remuneration Bracket Table

| Brackets of Remuneration for Individual Directors | Name of Director | | | |
|---|---|--|--|---|
| | Sum of the first four remuneration items (A+B+C+D) | Sum of the first seven remuneration items (A+B+C+D+E+F+G) | | |
| | The Company | All companies in financial report | The Company | Parent Company and All Investments in other companies |
| Less than NT\$1,000,000 | Gigastorage Corporation, Chun-Ru Investment, Sincere Holding, Hung Yang Venture Investment, Chen Chi-Ming, Chen Chi-Hsing | Gigastorage Corporation, Chun-Ru Investment Co., Ltd., Sincere Holding Co., Ltd., Hong-Yang Ltd., Venture Capital Co., Ltd., Chen Chi-Ming, Chen Chi-Hsing | Gigastorage Corporation, Chun-Ru Investment Co., Ltd., Sincere Holding Co., Ltd., Hong-Yang Ltd., Venture Capital Co., Ltd., Chen Chi-Hsing, Lin Jiang-Ching | Gigastorage Corporation, Chun-Ru Investment Co., Ltd., Sincere Holding Co., Ltd., Hong-Yang Ltd., Venture Capital Co., Ltd., Chen Su-Hui, Hsu Chin-Jung |
| | Lin Jiang-Ching, Chen Su-Hui | Lin Jiang-Ching, Chen Su-Hui | Chen, Su-Hui, Hsu Chin-Jung | Wu Yi-Tso, Chang Wen-Ming, Chiu Hsin-Fu |
| | Hsu Chin-Jung, Wu Yi-Tso | Hsu Chin-Jung, Wu Yi-Tso | Lo Shih-Wei, Chang Wen-Ming | Li Hui-Lung |
| | Huang Wen-Jui, Lo Shih-Wei, Chang Wen-Ming | Huang Wen-Jui, Chang Wen-Ming | Wen-Ming | |
| | Chiu Hsin-Fu, Li Hui-Lung | Chiu Hsin-Fu, Li Hui-Lung | Chiu Hsin-Fu, Li Hui-Lung | |
| | - | Lo Shih-Wei | - | Chen Chi-Hsing, Lo Shih-Wei |
| | - | - | Chen Chi-Ming | Lin Jiang-Ching |
| | - | - | Huang Wen-Jui | Huang Wen-Jui |
| | - | - | - | Chen Chi-Ming |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| More than NT\$100,000,000 | Total | Total | Total | Total |

Note 1: According to the resolution of the Company's Board made on March 28, 2024, no compensation is distributed to employees and directors for 2023.

Note 2: Refers to the remuneration of directors for the most recent year (including directors' salaries, post bonuses, severance payments, various bonuses, incentives).

Note 3: The amount of remuneration for directors approved by the Board of Directors for the most recent year is indicated.

- Note 4: Refers to the relevant business execution costs of directors in the most recent year (including carriage and horse fees, special expenses, various allowances, dormitories, car allocation and other in-kind provisions). When providing housing, automobiles and other means of transport or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market value of rent, fuel and other benefits shall be disclosed. If there is a driver, please note that the company pays the driver the relevant remuneration, but does not include the remuneration.
- Note 5: Refers to the salary, position bonus, severance pay, various bonuses, bonuses, special expenses, various allowances, dormitories, car allocations, etc., received by directors and employees (including concurrently serving as General Manager, Vice General Manager, other managerial personnel, and employees) in the most recent year. When providing housing, automobiles and other means of transport or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market value of rent, fuel and other benefits shall be disclosed. If there is a driver, please note that the company pays the driver the relevant remuneration, but does not include the remuneration. Salary expenses also recognized under IFRS 2 "Share Basis Payment," including the acquisition of employee warrants, restriction of employee rights of new shares and participation in cash capital increase subscription shares, etc., shall also be included in the remuneration.
- Note 6: For a director concurrently serving as an employee (including a concurrently serving as General Manager, a vice general manager, a managerial personnel member, and an employee) in the most recent year who receives employee remuneration (including stocks and cash), disclose the amount of its employee's remuneration approved by the board of directors in the most recent year. Where estimation is impossible, calculate the proposed distribution amount for this year according to the proportion of the actual amount distributed last year, and shall also fill in Appendix Table 1-3.
- Note 7: The aggregate amount of remuneration paid to the directors of the Company by all companies (including the Company) in the Consolidated Report shall be disclosed.
- Note 8: For the total amount of remuneration the Company pays an individual director, the name of the director shall be disclosed in the relevant bracket.
- Note 9: The total amount of remuneration paid to each director of the Company by all companies (including the Company) in the Consolidated Report shall be disclosed, and the name of the director shall be disclosed in the relevant bracket.
- Note 10: Net profit after tax refers to the net profit after tax on individual or individual financial reports for the most recent year.
- Note 11: a. This column shall be filled by indicating the amounts of remuneration received by directors from any re-investment business other than subsidiaries or from the Parent Company.
b. For a director receiving remuneration from any re-investment business other than subsidiaries or from the Parent Company, the remuneration received from any re-investment business other than subsidiaries shall be incorporated into Column I in the Remuneration Bracket Table, and the column shall be renamed as "Parent Company and All Investments in other companies."
c. Remuneration refers to the reward or compensation (including the compensation for employees, directors and supervisors) and business execution expenses received by directors of the Company as directors, supervisors or officers of the Company who act as directors, supervisors or officers of businesses other than subsidiaries.

*The content of remuneration disclosed herein is different from income as defined in the Income Tax Law. This table is used for information disclosure and not for taxation purposes.

(2) Remuneration for Supervisors: as the Company has shifted to the auditor system, no supervisor exists.

(3) Remuneration for General Manager and Vice General Manager (with names and remuneration disclosed in an individual manner)
Unit: NTD thousand

| Job title | Name | Salary (A) | | Retirement pension (B) | | Bonus and special expenses, etc. (C) | | Employee Compensation Amount (D) | | | | Total amount of A, B, C and D and the proportion in the net benefit (loss) after tax (%) | Remuneration received from any re-invested business other than Parent Company |
|----------------------|---------------|-------------|-----------------------------------|------------------------|-----------------------------------|--------------------------------------|-----------------------------------|----------------------------------|--------------|-------------|--------------|--|---|
| | | The Company | All companies in financial report | The Company | All companies in financial report | The Company | All companies in financial report | The Company | Stock Amount | Cash Amount | Stock Amount | | |
| General Manager | Huang Wen-Jui | 3,349 | 3,349 | 108 | 108 | 513 | 513 | 0 | 0 | 0 | 0 | 3,970 (0.49) | None |
| Vice General Manager | Chen Yuan-Yu | 2,178 | 2,178 | 106 | 106 | 295 | 295 | 0 | 0 | 0 | 0 | 2,579 (0.32) | None |
| Vice General Manager | Yan Guang-Fu | 1,747 | 1,747 | 106 | 106 | 302 | 302 | 0 | 0 | 0 | 0 | 2,155 (0.27) | None |

Note: According to the resolution of the Company's Board made on March 28, 2024, no compensation is distributed to employees and directors for 2023.

Remuneration Bracket Table

| Brackets of Remuneration for General Manager and Individual Vice General Managers | Name of General Manager or Vice General Manager | |
|---|---|-----------------------------------|
| | The Company | All companies in financial report |
| Less than NT\$1,000,000 | | 0 |
| NT\$1,000,000 (incl.) – NT\$2,000,000 (excl.) | | 0 |
| NT\$2,000,000 (incl.) – NT\$3,500,000 (excl.) | Chen Yuan-Yu, Yan Guang-Fu | |
| NT\$3,500,000 (incl.) – NT\$5,000,000 (excl.) | Huang Wen-Jui | |
| NT\$5,000,000 (incl.) – NT\$10,000,000 (excl.) | | 0 |
| NT\$10,000,000 (incl.) – NT\$15,000,000 (excl.) | | 0 |
| NT\$15,000,000 (incl.) – NT\$30,000,000 (excl.) | | 0 |
| NT\$30,000,000 (incl.) – NT\$50,000,000 (excl.) | | 0 |
| NT\$50,000,000 (incl.) – NT\$100,000,000 (excl.) | | 0 |
| More than NT\$100,000,000 | | 0 |
| More than NT\$100,000,000 | 3 seats | |

Note 1: Shall be listed separately, and the amount of each benefit shall be disclosed in an aggregated manner. For a director concurrently serving as General Manager or a Vice General Manager, this table or the table above shall be filled.

Note 2: The salary, position bonus and severance pay of General Manager and Vice General Managers for the most recent year shall be included.

Note 3: The amount of various bonuses, bonuses, car and horse fees, special expenses, various allowances, dormitories, car allocations, etc. provided in kind and other remuneration of General Manager and Vice

General Managers for the most recent year shall be included. When providing housing, automobiles and other means of transport or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market value of rent, fuel and other benefits shall be disclosed. If there is a driver, please note that the company pays the driver the relevant remuneration, but does not include the remuneration. Salary expenses also recognized under IFRS 2 "Share Basis Payment," including the acquisition of employee warrants, restriction of employee rights of new shares and participation in cash capital increase subscription shares, etc., shall also be included in the remuneration.

Note 4: The amount of general manager or a vice general manager received as employee's remuneration approved by the board of directors (including stocks and cash) for the most recent year shall be disclosed. Where estimation is impossible, calculate the proposed distribution amount for this year according to the proportion of the actual amount distributed last year, and shall also fill in Appendix Table 1-3.

Note 5: The aggregate amount of remuneration paid by all companies (including the Company) to General Manager or a vice general manager of the Company in the Consolidated Report shall be disclosed.

Note 6: For the total amount of remuneration the Company pays General Manager or a vice general manager, the name of General Manager or a vice general manager shall be disclosed in the relevant bracket.

Note 7: The total amount of remuneration paid to General Manager or a vice general manager by all companies (including the Company) in the Consolidated Report shall be disclosed, and the name of General Manager or the vice general manager shall be disclosed in the relevant bracket.

Note 8: Net profit after tax refers to the net profit after tax on individual or individual financial reports for the most recent year.

Note 9: This column shall be filled by indicating the amounts of remuneration received by General Manager and Vice General Managers from any re-investment business other than subsidiaries or from the Parent Company (fill in "none" if not applicable).

(4) Names of managerial personnel receiving distributed employee compensation and distribution (Note):

As resolved by the Company's Board on March 28, 2024, no distribution for employee and directors' compensation is made for the fiscal year 2023.

(5) Compensation of the top five compensated managerial officers (disclose individual names and compensation methods)

Unit: NTD thousand

| Job title | Name | Salary (A) | | Retirement pension (B) | | Bonus and special expenses, etc. (C) | | Employee Compensation Amount (D) | | | | Total amount of A, B, C and D and the proportion in the net benefit (loss) after tax (%) | | Remuneration received from any re-invested business other than subsidiaries or from Parent Company |
|---------------------------------|---------------|-------------|-----------------------------------|------------------------|-----------------------------------|--------------------------------------|-----------------------------------|----------------------------------|-------------|-----------------------------------|--------------|--|------|--|
| | | The Company | All companies in financial report | The Company | All companies in financial report | The Company | All companies in financial report | | The Company | All companies in financial report | | | | |
| | | | | | | | Cash Amount | Stock Amount | | | | | | |
| General Manager | Huang Wen-Jui | 3,349 | 3,349 | 108 | 108 | 513 | 513 | 0 | 0 | 0 | 3,970 (0.49) | 3,970 (0.49) | None | |
| Vice General Manager | Chen Yuan-Yu | 2,178 | 2,178 | 106 | 106 | 295 | 295 | 0 | 0 | 0 | 2,579 (0.32) | 2,579 (0.32) | None | |
| Vice General Manager | Yan Guang-Fu | 1,747 | 1,747 | 106 | 106 | 302 | 302 | 0 | 0 | 0 | 2,155 (0.27) | 2,155 (0.27) | None | |
| Finance Officer Accounting Head | Wang Tsai-Hua | 1,428 | 1,428 | 80 | 80 | 348 | 348 | 0 | 0 | 0 | 1,856 (0.23) | 1,856 (0.23) | None | |

Note 1: The top five compensated managerial officers refer to the Company's managerial personnel. The criteria for determining managerial personnel are in accordance with the scope set forth in the Tai-Chi-Cheng-3 0920001301 issued by the Financial Supervisory Commission. The Company has four managerial officers meeting the criteria; therefore, only the compensation information of these four officers is disclosed in this table.

Note: According to the resolution of the Company's Board made on March 28, 2024, no compensation is distributed to employees and directors for 2023.

*The content of remuneration disclosed herein is different from income as defined in the Income Tax Law. This table is used for information disclosure and not for taxation purposes.

(IV) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the most recent two fiscal years to directors, supervisors, general manager, and Vice General Managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. Total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the most recent two fiscal years to directors, supervisors, general manager, and vice general managers.

| Year Item | 2022 (Note 1) | | | 2023 (Note 1) | | |
|--|---------------|-------------|--|---------------|-------------|--|
| | Total | The Company | All companies in consolidated statements | Total | The Company | All companies in consolidated statements |
| Remuneration for Directors (including remuneration received for concurrently serving as employees) | 9,791,501 | (1.98%) | (2.11%) | 10,349,077 | (1.27%) | (1.34%) |
| Remuneration for Supervisors | 8,040,873 | (1.62%) | (1.62%) | 8,631,278 | (1.07%) | (1.07%) |
| Remuneration for General Manager and Vice General Managers | (495,152,838) | - | - | (810,575,601) | - | - |

Note 1: According to the resolution of the Company's Board made on March 29, 2023, no compensation is distributed to employees and directors for 2022.

As resolved by the Company's Board on March 28, 2024, no distribution for employee and directors' compensation is made for the fiscal year 2023.

Note 2: As the Company has shifted to the auditor system, no supervisor exists.

2. Remuneration policy, standards and packages:

Distribution of compensation for Directors and Supervisor is subject to provisions as set forth in Article 24-1 of the Company's Articles of Incorporation:

If the Company has gained profits within a fiscal year, an amount equal to more than 6% and less than 15% of the profits shall be reserved as the employees' compensation, and an amount equal to less than 3% of the profits shall be reserved as Directors' compensation. However, accumulated losses, if any, of the Company shall first be deducted and distribution shall be made from the remaining balance.

Remuneration to employees in the form of stock or cash may be paid to employees of subsidiaries of the Company meeting certain specific requirements, which are authorized to be determined by the Board of Directors.

Matters in relation to remuneration to employees and remuneration to directors are subject to the applicable laws and regulations and are determined by the Board of Directors.

3. The procedure for determining remuneration, and the correlation with operating performance and future risk exposure:

The Company's remuneration policy for directors is set forth in the Company's Articles of Incorporation, and has been reported in the shareholders' meeting. Remuneration for managerial personnel, including General Manager and Vice General Managers, is composed of salary, reward, employee bonus, and employee stock option certificates. The remuneration is determined according to applicable administrative measures for salary and reward of the Company with consideration paid to job positions, individual performance, responsibility and contribution to the Company's overall operation, and to pay levels adopted by peer companies for similar positions. Payment of remuneration is also decided by considering the Company's future operational risks, competition and other factors, and has a positive correlation with the business performance.

With respect to the performance evaluation and remuneration of Directors, Supervisors and managerial personnel of the Company, Remuneration Committee refers to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure.

IV. Corporate Governance Practices

(I) Practices of Board of Directors

(A) Information on Practices of Board of Directors

In 2023, eight meetings [A] were held by the Board of Directors, and Directors' attendance /presence is as listed below:

| Job title | Name (Note 1) | Frequency of actual attendance (presence) B | Attendance by Proxy Number of times | Actual attendance (presence) ratio (%) [B/A] | Remarks |
|------------------------|---|---|-------------------------------------|--|---------|
| Chairperson | Gigastorage Corporation Representative: Chen Chi-Ming | 8 | 0 | 100.00 | - |
| Directors | Gigastorage Corporation Representative: Chen Chi-Hsing | 8 | 0 | 100.00 | - |
| Directors | Gigastorage Corporation Representative: Lin Jiang-Ching | 8 | 0 | 100.00 | - |
| Directors | Chun-Ru Investment Co., Ltd. Representative: Chen Su-Hui | 8 | 0 | 100.00 | - |
| Directors | Sincere Holding Co., Ltd. Representative: Hsu Chin-Jung | 8 | 0 | 100.00 | - |
| Directors | Hong-Yang Venture Capital Co., Ltd. Representative: Wu Yi-Tso | 8 | 0 | 100.00 | - |
| Directors | Huang Wen-Jui | 8 | 0 | 100.00 | - |
| Independence Directors | Lo Shih-Wei | 7 | 1 | 87.50 | - |
| Independence Directors | Chang Wen-Ming | 5 | 3 | 62.5 | - |
| Independence Directors | Chiu Hsin-Fu | 7 | 1 | 87.50 | - |
| Independence Directors | Li Hui-Lung | 8 | 0 | 100.00 | - |

Others:

- I. Where any of the following happens in a meeting of the company's Board of Directors, the meeting's date, term, contents, all independent directors' opinion, and the company's action on the independent directors' opinion shall be specified:
- (I) Any matter as set forth in Article 14-3 of Securities and Exchange Act: Not applicable. The Company's establishment of Audit Committee makes Article 14-5 apply instead. Please refer to Practices of Audit Committee (Page 26).
 - (II) Other than the matters indicated above, any resolution of Board of Directors to which an independent director has a dissenting opinion or qualified opinion that has been recorded or made into a written statement: None.

II. In the event that a director has to avoid voting on a resolution because of a conflict of interest, the name of the director, the issue to be discussed, reasons and the result of the vote shall be noted.

| Date of meeting | Issue to be discussed | Director conducting avoidance | Reason of avoidance and voting results |
|---|--|--|---|
| January 12, 2023 (the thirteenth meeting of the seventh session) | Distribution of 2022 year-end bonus Chairperson | Chen Chi-Ming Chen Su-Hui Chen Chi-Hsing Huang Wen-Jui Lin Jiang-Ching | Chairperson Chen Chi-Ming also has relatives within the second degree of kinship by blood, namely Director Chen Su-Hui and Director Chen Chi-Hsing, left the meeting and recused from discussion for resolution due to existence of a conflict of interest. The other attending directors then elected Director Lo Shih-Wei as the proxy chairperson and unanimously approved the proposal following an inquiry by the proxy chairperson. |
| January 12, 2023 (the thirteenth meeting of the seventh session) | Distribution of 2022 year-end bonus for the Company's managerial personnel | Huang Wen-Jui Lin Jiang-Ching | Due to existence of a conflict of interest, the directors left the meeting and recused from discussion for resolution. The other attending directors then unanimously approved the proposal following an inquiry by the chairperson. |
| March 29, 2023 (the fifth meeting of the seventh session) | Annual salary adjustment for the Chairman | Chen Chi-Ming Chen Su-Hui Chen Chi-Hsing Huang Wen-Jui Lin Jiang-Ching | Chairperson Chen Chi-Ming also has relatives within the second degree of kinship by blood, namely Director Chen Su-Hui and Director Chen Chi-Hsing, left the meeting and recused from discussion for resolution due to existence of a conflict of interest. The other attending directors then elected Director Lo Shih-Wei as the proxy chairperson and unanimously approved the proposal following an inquiry by the proxy chairperson. |
| March 29, 2023 (the fifth meeting of the seventh session) | The Company's 2023 salary adjustment for managerial officers | Huang Wen-Jui Lin Jiang-Ching | Due to existence of a conflict of interest, the directors left the meeting and recused from discussion for resolution. The other attending directors then unanimously approved the proposal following an inquiry by the chairperson. |

III. A TWSE/TPEX listed company shall disclose the cycle and period of its Board's self-(or peer-) evaluation, as well as information about the scope, method, and contents of the assessment:

| Evaluation cycle | Evaluation period | Evaluation scope | Evaluation method | Evaluation content |
|------------------|------------------------|---|--|---|
| Once a year | 2023/1/1 to 2023/12/31 | Board of Directors | Board of Directors Internal self-assessment | The items of the Board of Directors' self-performance assessment include the following aspects: A. Participation in the Company's operations B. Improvement of the quality of Board's decision making C. Composition and structure of the board of directors D. Election and continuing education of the directors E. Internal control |
| | | Individual members of Board | Directors' self-evaluation | The items measured in the self-performance assessment of board members include the following aspects: A. Mastery of the Company's goals and mission B. Awareness of the duties of a director C. Participation in the operation of the company D. Management of internal relationship and communication E. The director's professionalism and continuing education F. Internal control |
| | | Functional committees: Remuneration Committee Audit Committee | Functional committees' self-evaluation | Functional committees: The self-assessment items for the Remuneration Committee and Audit Committee include the following aspects: A. Participation in the Company's operations B. Awareness of the duties of the functional committee C. Improvement of quality of decisions made by the functional committee D. Makeup of the functional committee and election of its members E. Internal control |

IV. Evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years (such as setting up an audit committee, improving information transparency, etc.), and measures taken toward achievement thereof:

- (I) The Company set up Audit Committee and Remuneration Committee to assist Board in exercising its duty of supervision. Remuneration Committee had three meetings in 2023. Audit Committee in 2023 held eight meetings in total.
- (II) The Company also actively arranged on-site refresher courses and appealed to the directors to take these courses. In 2023, 11 directors took the courses with a total education time of 69 hours.
- (III) The Company's Board convenes at least one meeting every quarter and informs the investing public of the meeting through the "Market Observation Post System" as provided by law.
- (IV) Based on the "Rules for Performance Evaluation of Board of Directors" the Company has in place, an

annual evaluation is conducted and an improvement plan is formed accordingly to improve the operational efficiency of Board. Performance Evaluation of Board of Directors for 2023 has been completed and was submitted to the Board on March 15, 2024.

- ① Board of Directors: 4.69 out of 5 points was obtained in average.
- ② Individual Directors: 4.47 out of 5 points was obtained in average.
- ③ Functional committees: The Company has a Remuneration Committee and an Audit Committee; the maximum score is 5, and the average score is 4.67.

Results of 2023 Evaluation: Directors were generally affirmative about the performance at all evaluation indicators. Board and functional committees have had good overall practices, meeting requirements of the autotates and relevant laws about corporate governance.

Note: Where a director or supervisor is a juristic person, the name of the juristic person shareholder and the name of its representative shall be disclosed.

(II) Practices of Audit Committee:

The Company has set up Audit Committee, composed of all four independent directors as commissioners. Audit Committee's works and discussions: I. Establishment or amendment of the internal control system.

II. Assessment of the effectiveness of the internal control system.

III. Adoption or amendment of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.

IV. A matter bearing on the personal interest of a director.

V. A material asset or derivatives transaction.

VI. A material monetary loan, endorsement, or provision of guarantee.

VII. The offering, issuance, or private placement of any equity-type securities.

VIII. The hiring or dismissal of an attesting CPA, or the compensation given thereto.

IX. The appointment or discharge of a financial, accounting, or internal auditing officer.

X. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.

XI. Any other material matter so required by the company or the Competent Authority.

In 2023, Audit Committee convened eight meetings[A], and Independent Directors' attendance is as listed below:

| Job title | Name (Note) | Frequency of actual attendance (B) | Frequency of proxy attendance (presence) | Actual attendance rate (%) "B/A" | Remarks |
|----------------------|----------------|------------------------------------|--|----------------------------------|---------|
| Independent Director | Lo Shih-Wei | 8 | 0 | 100.00 | - |
| Independent Director | Chang Wen-Ming | 5 | 3 | 62.50 | - |
| Independent Director | Chiu Hsin-Fu | 8 | 0 | 100.00 | - |
| Independent Director | Li Hui-Lung | 8 | 0 | 100.00 | - |

Others:

I. In the event of any of the following related to operation of Audit Committee, the relevant meeting's date, term, contents, all independent directors' opinions, qualified opinions or material recommendations and the company's action on the opinions of the committee shall be specified.

(I) Any matter set forth in Article 14-5 of Securities and Exchange Act:

| Date of meeting | Issue to be discussed | Independent directors' opinions, qualified opinions or material recommendations Audit Committee's Resolutions and Company's Action on the Audit Committee's Opinions |
|--|--|---|
| January 12, 2023 The 12th meeting of the third session of Audit Committee The 13th meeting | Evaluation for deciding whether receivables of high amounts exceeding the normal 3-month credit period as of December 31, 2022 shall be considered as monetary loans. Draft of the Company's "Ethical Corporate Management Principles". | Approved unanimously by Independent Directors Approved unanimously by Audit Committee, Approved by the Board's resolution |

| | | |
|---|--|---|
| of the seventh session of Board of Directors | | |
| March 15, 2023 The thirteenth meeting of the third session of Audit Committee The fourteenth meeting of the seventh session of Board of Directors | Evaluation for deciding whether receivables of high amounts exceeding the normal 3-month credit period as of December 31, 2022 shall be considered as monetary loans. | Approved unanimously by Independent Directors Approved unanimously by Audit Committee, Approved by the Board's resolution |
| March 29, 2023 The fourteenth meeting of the third session of Audit Committee The fifteenth meeting of the seventh session of Board of Directors | Review of the Company's Business Report and Financial Statement 2022 Loss appropriation 2022 Planned approval of the Company's statement of internal control system 2022 Planned proposal to formulate the CPA Non-assurance Services Pre-approval Regulations. | Approved unanimously by Independent Directors Approved unanimously by Audit Committee, Approved by the Board's resolution |
| May 12, 2023 The fifteenth meeting of the third session of Audit Committee The sixteenth meeting of the seventh session of Board of Directors | Review of the Company's Financial Statement Q1 2023 Evaluation for deciding whether receivables of high amounts exceeding the normal 3-month credit period as of April 30, 2023 shall be considered as monetary loans. Disposal of the right-of-use assets for the lease of factory premises. | Approved unanimously by Independent Directors Approved unanimously by Audit Committee, Approved by the Board's resolution |
| June 07, 2023 The sixteenth meeting of the third session of Audit Committee June 09, 2023 The seventeenth meeting of the seventh session of Board of Directors | Discussion about the Company's participation in subscription for a cash capital increase of its subsidiary Hua Hsu Silicon Materials Co., Ltd. in 2023. Proposal to acquire common shares of Hua Hsu Silicon Materials Co., Ltd. cumulatively within one year by ratification. | Approved unanimously by Independent Directors Approved unanimously by Audit Committee, Approved by the Board's resolution |
| August 11, 2023 The seventeenth meeting of the third session of Audit Committee The eighteenth meeting of the seventh session of Board of Directors | Proposed CPA changes for the Company were subject to review and approval. Review of the Company's Financial Statement Q2 2023 Evaluation for deciding whether receivables of high amounts exceeding the normal 3-month credit period as of July 31, 2023 shall be considered as monetary loans. Provision of a CNY 42-million loan to the Company's subsidiary Yancheng Giga Solar Materials Corporation Disposal of reinvestment in the shares of ACRO Biomedical Co., Ltd. | Approved unanimously by Independent Directors Approved unanimously by Audit Committee, Approved by the Board's resolution |

| | | |
|---|--|---|
| | Discussion about the Company's participation in subscription for a cash capital increase of Foresight Energy Technologies Co., Ltd. in 2023. | |
| October 02, 2023 The eighteenth meeting of the third session of Audit Committee The nineteenth meeting of the seventh session of Board of Directors | Evaluation for deciding whether receivables of high amounts exceeding the normal 3-month credit period as of September 30, 2023 shall be considered as monetary loans. Provision of a CNY 45-million loan to the Company's subsidiary Yancheng Giga Solar Materials Corporation Loaning of JPY 370 million by the Company to subsidiary Godo Kaisha Chiba. | Approved unanimously by Independent Directors Approved unanimously by Audit Committee, Approved by the Board's resolution |
| November 13, 2023 The nineteenth meeting of the third session of Audit Committee The twentieth meeting of the seventh session of Board of Directors | Proposal of 2023 rewards to the Company's accountants Review of the Company's Financial Statement Q3 2023 Discussion about the Company's participation in subscription for a cash capital increase of its subsidiary Green Energy Electrode, Inc. in 2023. Evaluation for deciding whether receivables of high amounts exceeding the normal 3-month credit period as of October 31, 2023 shall be considered as monetary loans. Approval for providing endorsement and guarantee for Yancheng Giga Solar Materials Corporation Re-investment in capital increase of its subsidiary Yancheng Giga Solar Materials Corporation. Draft of the Company's audit plan 2024 | Approved unanimously by Independent Directors Approved unanimously by Audit Committee, Approved by the Board's resolution |

(II) Except for the matters indicated above, any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors:
None

II. In the event that an independent director has to avoid voting on a resolution because of a conflict of interest, the name of the independent director, the issue to be discussed, reasons and the result of the vote shall be noted: None.

III. Communication between independent directors and internal audit officers and accountants (including significant matters, methods, and results of communication concerning the Company's financial and business situations):

The Company's audit officers every month submit internal control reports to Independent Directors for review and discuss audit results with Independent Directors.

The Company's accountants every quarter in Audit Committee's meeting report the audit, review and approval results for the financial statement of the present quarter and other communication matters required by relevant laws and regulations, in which meeting direct communication between Independent Directors and the accountants is possible. Upon Board's demand, the Company's accountants may also be present in a meeting of Board.

Matters communicated between Independent Directors and internal audit officers are listed in the table below:

| Date/Methods of communications | Key points | Results |
|----------------------------------|---|--------------|
| Email correspondence every month | Annual Audit Report and Tracking Report about Subsidiaries' Defects on Lending Fund to Others | No objection |
| Email correspondence | Internal Audit Report and Tracking Report about | No |

| | | |
|----------------------------------|---|--------------|
| every month | Subsidiaries' Defects on Lending Fund to Others for Q1 2023 | objection |
| Email correspondence every month | Internal Audit Report and Tracking Report about Subsidiaries' Defects on Lending Fund to Others for Q2 2023 | No objection |
| Email correspondence every month | Internal Audit Report and Tracking Report about Subsidiaries' Defects on Lending Fund to Others for Q3 2023 | No objection |

Matters communicated between Independent Directors and CPAs are listed in the table below:

| Date | Methods of communications | Key points | Results |
|-------------------|---------------------------|---|--------------|
| March 29, 2023 | Audit Committee | Communication between the Company's CPAs and the Audit Committee about audits of the financial statements | No objection |
| May 12, 2023 | Audit Committee | Communication between the Company's CPAs and the Audit Committee about audits of the financial statements | No objection |
| August 11, 2023 | Audit Committee | Communication between the Company's CPAs and the Audit Committee about audits of the financial statements | No objection |
| November 13, 2023 | Audit Committee | Communication between the Company's CPAs and the Audit Committee about audits of the financial statements | No objection |

Note:

- * Where there is any independent director leaves its office before the last day of a fiscal year, the date Note: of separation shall be specified in the column "Remarks," and the actual attendance ratio (%) shall be calculated using the number of meetings Audit Committee had during its service and the frequency of its actual attendance.
- * Where there is reelection of any independent director before the last day of a fiscal year, the new and old independent directors shall both be listed, and whether an independent director is a former one, a succeeding one, or a retained one as well as the date of reelection shall be specified in the column "Remarks." In this case, the actual attendance ratio (%) shall be calculated using the number of meetings Audit Committee had during its service and the frequency of its actual attendance.

(III) The Company's corporate governance practices and difference from "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the reasons

| Evaluation Item | Operation | | | Difference from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|--|-----------|----|--|--|
| | Yes | No | Brief description | |
| I. Has the company set up and disclosed its Corporate Governance Best-Practice Principles according to "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"? | ✓ | | The Company has had its "Corporate Governance Principles" in place, which provides regulations for protecting shareholders' equity, strengthening Board's function, respecting stakeholders' interest, and improving information transparency, and has disclosed the same on the Company's official website. | No difference. |
| II. The Company's ownership structure and shareholders' interest | | | | |
| (I) Has the company set up internal operating procedures for handling shareholder proposals, inquiries, disputes, and litigation, and implemented the procedures? | ✓ | | (I) The Company has set the spokesperson system and appointed a contact for investors as well as stock affair personnel exclusively dedicated to handling shareholder suggestions or questions. The legal department will assist when necessary. | No difference. |
| (II) Does the company retain a register of major shareholders who have controlling power, and of the persons with ultimate control over those major shareholders? | ✓ | | (II) The Company checks shareholding of Directors, managerial personnel and major shareholders who individually own more than 10 percent of the total shares on a monthly basis, and discloses the information by law. The Company has established good interaction and communication with its major shareholders, so as to maintain a good investment relationship. | No difference. |
| (III) Has the company set up and implemented | ✓ | | (III) The Company has had "Regulations Governing Supervision | No difference. |

| Evaluation Item | Operation | | | Difference from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|---|-----------|----|--|--|
| | Yes | No | Brief description | |
| <p>risk control and firewall mechanisms to protect itself from its affiliated enterprises?</p> <p>(IV) Has the company adopted internal rules prohibiting company insiders from trading securities using information not disclosed to the market?</p> | ✓ | | <p>Operations for Subsidiaries” in place as required by law, and positively performs risk evaluation and set up firewalls according to the Company’s internal control system.</p> <p>(IV) The Company has adopted “Operating Procedures for Prevention of Insider Trading” to prevent insider trading, and has insiders report changes in shareholding as required by law, so as to protect investors and safeguard the Company’s interests.</p> | No difference. |
| <p>III. Organization and Responsibilities of Board</p> <p>(I) Has the Board set up a diversity policy and its specific management targets, and positively implemented the policy?</p> | ✓ | | <p>(I) The Company’s “Corporate Governance Principles” provides that, in order to strengthen the structure of Board, members of Board shall be diverse, such as having different professional backgrounds (e.g. accounting, industry, finance, marketing, gender and work fields). Members of Board have been assembled with consideration for gender equality, and generally poses knowledge, skills, and characters required by their roles. The Company’s Directors (including Independent Directors) are all elected through the candidate nomination system. There are currently eleven seats of Directors on the Board, including four Independent Directors. These directors are industrial, financial, or accounting experts, and some of them also work as employees of the Company. The Company’s Board is</p> | No difference. |

| Evaluation Item | Operation | | Difference from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|-----------|----|---|
| | Yes | No | |
| (II) In addition to Remuneration Committee and Audit Committee required by law, has the Company set up any other functional committee voluntarily? | | ✓ | composed with advocacy to gender equality, and currently includes one female director. (More information about diversity please refer to Page 16 of this annual report.) (II) Conforming to the laws, the Company currently has Remuneration Committee and Audit Committee as its functional committees, and may have other functional committees in the future as needed. |
| (III) Has the company set up rules and methods for performance evaluation of board of directors, conducted evaluation annually and periodically, submitted results of evaluation to the Board, and used the information as reference when deciding individual directors' salary and reward as well as nomination for retention? | ✓ | | (III) The Company has set up "Rules for Performance Evaluation of Board of Directors" in order to inspire members of Board for their self-motivation and pursuance for the Board's optimal operation. Internal performance evaluation of Board is scheduled to be conducted once a year by the Company's stock affair unit and shall be completed by the Board's meeting held in the first session of the next year. Respective performance evaluation of Board, Board's members, and functional committees for 2023 has been completed by means of self-evaluation using internal questionnaires, and the results have been submitted to the Board on March 15, 2024. (More information about aspects for evaluation please refer to P. 25 of this annual report). |

| Evaluation Item | Operation | | Difference from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|-----------|----|--|
| | Yes | No | |
| (IV) Does the company assess the CPAs' independence periodically? | ✓ | | <p>The Company's Directors (not including Independent Directors) only receive fixed rewards such as attendance fees, and no fixed salary reward is paid to them.</p> <p>(IV) The Company has entrusted audit to Deloitte Taiwan. According to the provisions set forth in the Company's "Corporate Governance Principles," Board shall review and assess CPAs' independence and competence by considering the following matters.</p> <p>The Company has referred to the norm of professional ethics of accountants, Audit Standards Bulletin and other information and selected the following assessment items:</p> <p>financial benefit, financing and security, business relationship, family and individual relationship, employment relationship, gifts and special preferences, CPAs' rotation, non-audit business, and statement of accountant independence.</p> <p>The internal assessment for this year has been finished and a statement of independence has been received from the relevant accountant firm. Also, the CPAs are not the Company's shareholders, not salaried by the Company, and not our stakeholders, and have independence and competence. The Audit Quality Indicator (AQI) Report issued by the accountant firm, the CPAs' assessment has been reviewed by the Company's Audit Committee CPAs and adopted by the Board</p> <p>No difference.</p> |

| Evaluation Item | Operation | | | Difference from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|---|-----------|----|--|--|
| | Yes | No | Brief description | |
| IV. As a TWSE/TPEX listed company, has the Company had an adequate number of corporate governance personnel with appropriate qualifications, and appointed a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs (including but not limited to furnishing Directors and Supervisors with data necessary for their business, assisting Directors and Supervisors in legal compliance, handling affairs about the Board's meeting and shareholders' meetings, and keeping minutes for Board meetings and shareholders' meetings)? | | ✓ | <p>on March 28, 2024.</p> <p>The Company, by a resolution of the Board of Directors on May 12, 2023, appointed Deputy Director Wang Tsai-Hua of the Finance Department as the Corporate Governance Officer in accordance with the "Directions for the Establishment and Exercise of Powers by the Board of Directors of OTC-Listed Companies." Ms. Wang has obtained a certified public accountant license and has more than ten years of relevant experience in financial management. The main responsibilities of the Corporate Governance Officer are to handle matters related to board of directors and shareholders' meetings in accordance with the law, prepare meeting minutes for Board of Directors and shareholders' meetings, assist directors with onboarding and continuing education, provide directors with necessary information for carrying out their duties, and assist directors in complying with relevant laws and regulations. The Company has a dedicated corporate governance unit to provide our shareholders with update information through Market Observation Post System or the Company's official website, to furnish Directors and Independent Directors with data necessary for their business, to handle affairs about the Board's meeting and shareholders' meetings as required by law, to process company registration and change registration, and to keep</p> | No significant difference yet. |

| Evaluation Item | Operation | | | Difference from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|-----------|----|--|--|
| | Yes | No | Brief description | |
| | | | minutes for Board meetings and shareholders' meetings. | |
| V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and properly responded to the important corporate social responsibility issues of concern to stakeholders? | ✓ | | The Company's shareholders' meetings use electronic voting, and implement agenda-based voting to enable shareholders to well participate in voting for resolutions. The Company also publishes its monthly revenue quarter financial statements and annual reports to shareholders at Market Observation Post System and the Company's official website. The Company hold corporate briefing every year to report its operating results. The Company has equipped its official website with stakeholder areas where contacts for customers, suppliers, and employees are provided separately, contacting information like email addresses and telephone numbers are also disclosed for stakeholders to use for maintaining good communication. The Company also response to topics concerned by our stakeholders. Internally, the Company has established channels for employees to communicate with the Company, such that employees can make themselves heard through emails, phone calls, and electronic correspondences. | No difference. |
| VI. Has the company engaged a professional shareholder services agent to handle shareholders' meeting matters? | ✓ | | The Company has engaged Stock Affairs Agency of MEGA Securities Co., Ltd. to handle stock affairs and shareholders' meeting matters. | No difference. |
| VII. Disclosure of information (I) Has the company set up a website where | ✓ | | (I) The Company publishes information on its financial | No difference. |

| Evaluation Item | Operation | | | Difference from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|--|-----------|----|--|---|
| | Yes | No | Brief description | |
| information on financial operations and corporate governance is disclosed? | | | operations and significant messages on the Market Observation Post System as required by law, and provides a link to the Company's official website: www.gigasolar.com.tw | |
| (II) Has the company adopted other methods for disclosure of information (such as setting up a website in English, appointing personnel exclusively dedicated to collection and disclosure of the company's information, implementing the spokesperson system, publishing the corporate briefing on the company's official website)? | ✓ | | (II) The Company has appointed personnel exclusively dedicated to collection and disclosure of the Company's information according to the laws, in order to promptly disclose information on our making decisions that may have impact on shareholders' interest, and has selected fit and proper persons to act as our spokespersons and acting spokespersons. The Company publishes materials of the corporate briefing on the Market Observation Post System and the Company's official website for shareholders' and the public's reference. | No difference. |
| (III) Does the company publicly announce and register financial reports within two months after the close of each fiscal year and publicly announce and register financial reports for the first, second, and third quarters of the year as well as operating status by the prescribed deadline? | | ✓ | (III) The Company publicly announces and registers financial reports within two months after the close of each fiscal year and publicly announces and registers financial reports for the first, second, and third quarters of the year as well as operating status by the prescribed deadline. | Due to the large amount of subsidiaries, auditing took a long period. While the announcement wasn't made within two |

| Evaluation Item | Operation | | | Difference from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|--|-----------|----|---|---|
| | Yes | No | Brief description | |
| | | | | months after the end of fiscal year, it was still announced before the prescribed deadline in accordance with the law. Therefore, there is no major difference. |
| VIII. Does the company have other information meaningful for understanding the company's corporate governance practices (including but not limited to employee rights, employee care, investor relationship, supplier relationship, stakeholder rights, continuing education of Directors and Supervisors, implementation of risk management policies and risk assessment, implementation of customer policies, and liability insurance the company buys for its directors and | ✓ | | (I) Employee rights: the Company totally conforms to the Company Act and other applicable laws and regulations. The Company's Articles of Incorporation protect employees' rights by stipulating contribution to employee's compensation, and establishment of Remuneration Committee, Supervisory Committee of Labor Retirement Reserve, Prevention and Complain Arbitration Committee for Sexual Harassment, Personnel Review Committee, etc. The Company also has Employee Service Rules in place according to the Labor Standards Act and proclaims the rules in the Company's intranet for employees to read and | No difference. |

| Evaluation Item | Operation | | | Difference from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|-----------------|-----------|----|--|--|
| | | | Brief description | |
| | Yes | No | | |
| supervisors) ? | | | <p>acquaint themselves with the Company’s regulations. Labor–management conference is held periodically and attended by representatives from both the labor side and the management side. The Company provides employees with confidential complaint channels, so as to maintain a good labor relationship. The Company, fully at its own costs, buys group insurance for its employees, and provides emergency assistance measures to strongly support the employees.</p> <p>(II) Employee relationship: the Company has Employees’ Welfare Committee, which holds festival activities, birthday parties, employees’ travel subsidy, and supports diverse employees’ clubs to hold events from time to time. The Company hires dedicated resident nursing staff to take care of employees’ health, and periodically provides health examinations as well as health promoting activities, so as to ensure employees’ mental and physical health.</p> <p>(III) Investor relationship: the Company has long fostered investor relationship, and implements the spokesperson and acting spokesperson system to maintain convenient contact with shareholders and institutional investors. In addition to communicating information on its financial status, business, and insider shareholding changes through the Market</p> | |

| Evaluation Item | Operation | | Difference from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|-----------------|-------------------|--|--|
| | Yes | No | |
| | Brief description | | |
| | | <p>Observation Post System from time to time, the Company holds shareholders’ meetings and corporate briefing on a yearly basis to maintain good communication with its investors. The Company also periodically discloses financial information, and advocates information openness and transparency so as to uphold shareholders’ interests.</p> <p>(IV) Supplier relationship: the Company has “Guidelines for Management of Suppliers” and “Guidelines for Audit and Management of Supplier Quality” in place, and periodically work with suppliers for communication and evaluation to provide suppliers with guidance and advice as needed, thereby maintaining good relationship with suppliers and satisfying requirements of ISO 9001.</p> <p>(V) Stakeholders interest: the Company’s official website has dedicated areas for stakeholders where information on contacts, email addresses, telephone numbers for different topics is provided for stakeholders’ convenient communication, thereby upholding both sides’ interest.</p> <p>(VI) Directors’ continuing education: the Company’s Directors pursue continuing education (please refer to P. 87 of this annual report), and related information is disclosed through Market Observation Post System.</p> <p>(VII) The Company has ‘Policies and Procedures for Risk</p> | |

| Evaluation Item | Operation | | Difference from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|---|-----------|----|---|
| | Yes | No | |
| | | | <p>Management” in place for its business units to refer and adapt their management and control mechanism to operational changes inside and outside this Company periodically. The Company also performs periodical evaluation on internal control of its operations and subsidiaries as preventive control measures. Audit is performed by auditors from the Company’s audit office. Risk analysis please refer to P. 162 of this annual report.</p> <p>(VIII) Implementation of customer policies: upholding the philosophy of ethical corporate management, the Company maintains stable, good relationship with customers, and appoints staff dedicated to customer services so as to provide quality services and create profits for the Company.</p> <p>(IX) The Company has secured liability insurance for its directors and major officers, and the related information has been published on the Market Observation Post System.</p> |
| <p>IX. Describe improvements against Corporate Governance Evaluation Results for the most recent year issued by Corporate Governance Center of Taiwan Stock Exchange Corporation, and specify the priority and measures for matters to be improved:</p> <p>According to the ninth session of “Corporate Governance Evaluation” Results, the Company ranks 51%–65% among TPEX listed companies. The Company reviews evaluation results every year to identify inconformity, and continuously drives improvements and correction, including setting up “Operating Procedures for Prevention of Insider Trading,” stakeholders communication, seats for sole juristic person shareholders, etc. Review</p> | | | |

| Evaluation Item | Operation | | Difference from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|---|-----------|-------------------|--|
| | | | |
| | Yes | No | |
| | | Brief description | |
| and planning of improvement programs are performed in 2023 according to the evaluation results. This include setting up “ethical corporate management principles” and related operating procedures. Future efforts will be made to improve and uphold shareholders’ interest and equality among shareholders, implement corporate social responsibility, enhance information transparency, and continuously strengthen Board’s performance and in turn function, so as to shape our culture of corporate governance. Also, the Company will improve the quality of disclosure of non-financial information, thereby further completing information on corporate governance. | | | |

(IV) Where the company has established Remuneration Committee, its responsibility and operating status:

Company Remuneration Committee's Responsibility:

exercising the care of a good administrator to faithfully perform the following duties and presenting its recommendations to the board of directors for discussion.

- I. Establishing and periodically reviewing policies, systems, standards, and structure for performance evaluation and compensation of Directors and managerial personnel.
- II. Periodically reviewing and determining compensation of Directors and managerial personnel.

1. Members of Remuneration Committee

| Criteria Name of identity alias | | Professional Qualification & Experience | Independence | Number of other public listed companies where concurrent service as a member of Remuneration Committee is provided |
|---|----------------|--|---|--|
| Independent Director Committee convener | Lo Shih-Wei | Having more than 20 years of experience in commercial, legal, finance, accounting, and other works relevant to the Company's operation, and holding the national certificate for professional accountants, free from matters set forth in Article 30 of the Company Act. Information on directors' professional qualification and Independent Director's independence please refer to the disclosure in P. 14-15. | (1) Not being an employee of the Company or any of its affiliated enterprises. (2) Not being a director or a supervisor of the Company or any of its affiliated enterprises. (3) Not being a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. (4) Not being the spouse, a relative within the second degree of kinship, or a lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons listed in (2) and (3). | 2 |
| Independent Director | Chang Wen-Ming | Having more than 20 years of experience in commercial, legal, finance, accounting, and other works relevant to the Company's operation, and being free from matters set forth in Article 30 of the Company Act. Information on directors' professional qualification and Independent Director's independence please refer to the disclosure in P. 14-15. | (5) Not being a director, supervisor, or employee of a juristic person shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (6) If a majority of the company's | 0 |

| | | | | |
|----------------------|--------------|--|---|---|
| Independent Director | Chiu Hsin-Fu | <p>Having more than 20 years of experience in commercial, legal, finance, accounting, and other works relevant to the Company's operation, and being free from matters set forth in Article 30 of the Company Act.</p> <p>Information on directors' professional qualification and Independent Director's independence please refer to the disclosure in P. 14-15.</p> | <p>director seats or voting shares and those of any other company are controlled by the same person: not being a director, supervisor, or employee of that other company.</p> <p>(7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not being a director (or governor), supervisor, or employee of that other company or institution.</p> <p>(8) Not being a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.</p> | 0 |
| Independent Director | Li Hui-Lung | <p>Having more than 20 years of experience in commercial, legal, finance, accounting, and other works relevant to the Company's operation, and being free from matters set forth in Article 30 of the Company Act.</p> <p>Information on directors' professional qualification and Independent Director's independence please refer to the disclosure in P. 14-15.</p> | <p>(9) Not being a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting, or related services to the company or any affiliate of the company for which the provider in the most recent 2 fiscal years, or a spouse thereof.</p> <p>(10) Not having a marital relationship or a relative within the second degree of kinship with any other director.</p> | 0 |

2. Information on Operating Status of Remuneration Committee

- (1) The Company's Remuneration Committee is composed of 4 commissioners.
- (2) Term of commissioners of the current session: from July 23, 2021 to July 22, 2024; in the last year, 2023, Remuneration Committee held 3 meetings (A), and the commissioners' qualification and attendance are listed below:

| Job title | Name | Frequency of actual attendance (B) | Frequency of proxy attendance (presence) | Actual attendance ratio (%) (B/A)(Note) | Remarks |
|--------------|----------------|------------------------------------|--|---|---------|
| Convener | Lo Shih-Wei | 3 | 0 | 100.00 | |
| Commissioner | Chang Wen-Ming | 3 | 0 | 100.00 | |
| Commissioner | Chiu Hsin-Fu | 3 | 0 | 100.00 | |
| Commissioner | Li Hui-Lung | 3 | 0 | 100.00 | |

Others:

- I. Where Board decides not to adopt or amend Remuneration Committee's recommendations, specify the date, term, issues, resolutions of the relevant Board meeting, as well as the Company's action on Remuneration Committee's opinions (for example, if the compensation adopted by the Board is superior to the recommendation of Remuneration Committee, specify the difference and reason):
- The Company's Board adopted all the proposals Remuneration Committee raised in 2023.

| Remuneration Committee's Meeting Date | Issue to be discussed | Remuneration Committee's Resolutions and Company's Action on Remuneration Committee's Opinions |
|--|---|--|
| January 12, 2023 (sixth meeting of the 5th term) | Distribution of 2022 year-end bonus Chairperson Distribution of 2022 year-end bonus for the Company's managerial personnel. Salary adjustment for 2023. | Remuneration Committee adopted the proposal as it was and submitted to the Board for approval. |
| March 29, 2023 (seventh meeting of the 5th term) | Annual salary adjustment for the Chairman. Discussion of the Company's 2023 salary adjustment for managerial officers. | Remuneration Committee adopted the proposal as it was and submitted to the Board for approval. |
| May 12, 2023 (eighth meeting of the 5th term) | Appointment of the Corporate Governance Officer of the Company. | Remuneration Committee adopted the proposal as it was and submitted to the Board for approval. |

- II. Where any resolution of Remuneration Committee to which a member thereof has a dissenting opinion or qualified opinion that has been recorded or made into a written statement, specify the date, term and issues of the relevant meeting as well as all member opinions and action taken on the opinions: None.

Note: (1) Where there is any member of Remuneration Committee leaves its position before the last day

of a fiscal year, the date of separation shall be specified in the column “Remarks,” and the actual attendance ratio (%) shall be calculated using the number of meetings Remuneration Committee had during its service and the frequency of its actual attendance.

- (2) Where there is reelection of Remuneration Committee before the last day of a fiscal year, the new and old members shall both be listed, and whether a member is a former one, a succeeding one, or a retained one as well as the date of reelection shall be specified in the column “Remarks.” In this case, the actual attendance ratio (%) shall be calculated using the number of meetings Remuneration Committee had during its service and the frequency of its actual attendance.

(V) Implementation of promotion of sustainable development and difference from the Corporate Governance Best-Practice Principles for

TWSE/TPEX Listed Companies and reason thereof

With ambition to shine the world with love, the Company has compassion on people suffering natural and man-made calamities and actively supports relief and assistance activities through donation and participation.

| Evaluation Item | Operation | | | Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|--|-----------|----|---|---|
| | Yes | No | Brief description | |
| I. Has the company established a governance structure to promote sustainable development, and set up a dedicated (or one holding concurrent positions) unit to promote sustainable development with the board authorizing the senior management to manage the organization which is supervised by the board? | | ✓ | The Company currently has its Administration Department, Human Resource Department, and Environment Safety Office, and their subordinate units campaign for sustainable development and other related topics, and will subsequently have and maintain sustainable development organizations as required by law to implement programs for sustainable development. Report will be made to the Board as necessary. | No significant difference. Further needs assessment and establishment will be made as the Company grows in the future. |
| II. Has the company, in accordance with the Materiality Principle, conducted risk assessment on environmental, social, and corporate governance topics related to the company's operation, and set up relevant risk management policies or strategies? | ✓ | | 1. This disclosure covers the Company's performance on sustainable development at its main operational locations in the period between January 2023 and December 2023. The boundary for risk assessment is mainly defined with reference to the Company's locations in Taiwan and China, and on the basis of relevance to the Company's core business and the impact on material topics. 2. The Company has conducted analysis according to the Materiality Principle of Sustainable Report, communicated with internal and external stakeholders communication, implemented "Procedures for Risk Management" in compliance with organization background and criteria for | No significant difference. |

| Evaluation Item | Operation | | Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons | | | | | | |
|-----------------|-------------------------------------|--|---|----------------|----------------------|--------------|-------------|-------------------------------------|--|
| | Yes | No | | | | | | | |
| | Brief description | | | | | | | | |
| | | | <p>stakeholders risk management, with consideration to various internal and external changes, risks and opportunities at the operational level, and taken countermeasures and control measures according to risk assessment results in advance, so as to minimize risk and realize sustainable operation.</p> <p>According to the evaluated risks, the Company has set up elegant risk management policies as below:</p> <table><tr><th>Material topic</th><th>Risk assessment Item</th><th>Descriptions</th></tr><tr><td>Environment</td><td>Environmental impact and mamagement</td><td>1. The Company, considering management cycles and risks according to ISO 14001, reduces process loss and waste generation, and increases recycling of noble metals so as to reduce environmental impact and increase resource sustainability. 2. The Company periodically checks GHG emissions according to ISO 14064-1, collects statistics of Scope 1 emission risk and Scope 2 indirect GHG emissions caused by electricity use, and</td></tr></table> | Material topic | Risk assessment Item | Descriptions | Environment | Environmental impact and mamagement | 1. The Company, considering management cycles and risks according to ISO 14001, reduces process loss and waste generation, and increases recycling of noble metals so as to reduce environmental impact and increase resource sustainability. 2. The Company periodically checks GHG emissions according to ISO 14064-1, collects statistics of Scope 1 emission risk and Scope 2 indirect GHG emissions caused by electricity use, and |
| Material topic | Risk assessment Item | Descriptions | | | | | | | |
| Environment | Environmental impact and mamagement | 1. The Company, considering management cycles and risks according to ISO 14001, reduces process loss and waste generation, and increases recycling of noble metals so as to reduce environmental impact and increase resource sustainability. 2. The Company periodically checks GHG emissions according to ISO 14064-1, collects statistics of Scope 1 emission risk and Scope 2 indirect GHG emissions caused by electricity use, and | | | | | | | |

| Evaluation Item | Operation | | | Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|-----------------|-----------|--------------------|--|--|
| | Yes | No | Brief description | |
| | | | | |
| | | | <div>identifies how this impacts the Company's operation. 3. Completed the ISO 14001 Environmental Management System third-party periodic follow-up audit to ensure the effectiveness and continuous improvement of environment-related processes and operations.</div> | |
| | | <div>Society</div> | <div>Occupational Safety</div> <div>1. The Company holds fire drills and E-learning courses about occupational safety & health education and training every six months in order to improve employees' emergency response capacity and enhance a culture of factory safety. 2. Completed the ISO 45001 Occupational Health Safety Management System third-party periodic follow-up audit to</div> | |

| Evaluation Item | Operation | | | Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|-----------------|-----------|----|---|--|
| | Yes | No | Brief description | |
| | | | | |
| | | | <div>maintain and ensure the effectiveness of environment-related processes and operations.</div> <div>3. The Company has set up Respiratory Protection Plan (superior to regulatory requests) and implemented respiratory protection measures and related management.</div> <div>4. For protecting maternal health, the Company implement protective measures to promote workplace maternal health according to technical guidance.</div> <div>5. Formulated an ergonomic hazard prevention plan, with reference to relevant guidelines from the competent authorities, to implement the prevention of musculoskeletal disorders caused by repetitive operations</div> | |

| Evaluation Item | Operation | | | Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|-----------------|-----------|----|---|---|
| | Yes | No | Brief description | |
| | | | | |
| | | | | through systematic management methods. |
| | | | Product safety | The Company's products conform to laws and regulations, and a third-party test report proving compliance with EU RoHS regulations may be provided under customers' request. |
| | | | | Governance |
| | | | Strengthening directors' function | |
| | | | The Company plans continuing education for Directors, and updates Directors with latest changes in laws, regulations, systems and | |

| Evaluation Item | Operation | | | Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons | | | | | | | | | |
|---|-----------|---|---|--|--|-----------------------------|-----------------------------|--|---|------------------------|--|---|--|
| | Yes | No | Brief description | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | <table><tr><td></td><td></td><td>policies on a yearly basis.</td></tr><tr><td>Stakeholders' communication</td><td></td><td>The Company maintains communication channels to help minimize opposition and misunderstanding. The Company actively communicate with investors by providing a dedicated email box for which dedicated staff is appointed to handle and reply to correspondence.</td></tr><tr><td>Operational continuity</td><td></td><td>In response to the increasingly intense pandemic around the world, the Company, under CDC's instruction, has developed a set of guiding principles for management of factory continuity which is subject to rolling adjustment.</td></tr></table> | | | policies on a yearly basis. | Stakeholders' communication | | The Company maintains communication channels to help minimize opposition and misunderstanding. The Company actively communicate with investors by providing a dedicated email box for which dedicated staff is appointed to handle and reply to correspondence. | Operational continuity | | In response to the increasingly intense pandemic around the world, the Company, under CDC's instruction, has developed a set of guiding principles for management of factory continuity which is subject to rolling adjustment. | |
| | | policies on a yearly basis. | | | | | | | | | | | |
| Stakeholders' communication | | The Company maintains communication channels to help minimize opposition and misunderstanding. The Company actively communicate with investors by providing a dedicated email box for which dedicated staff is appointed to handle and reply to correspondence. | | | | | | | | | | | |
| Operational continuity | | In response to the increasingly intense pandemic around the world, the Company, under CDC's instruction, has developed a set of guiding principles for management of factory continuity which is subject to rolling adjustment. | | | | | | | | | | | |
| III. Environmental topics (I) Has the company set up an industry-specific environmental management system? | ✓ | | (I) The Company has introduced and verified for ISO 14001:2015 Environment Management System to ensure its products are under proper workflow control while conforming to applicable environmental regulations and international | No significant difference. | | | | | | | | | |

| Evaluation Item | Operation | | Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|--|-----------|----|--|
| | Yes | No | |
| | | | |
| | | | |
| (II) Has the company strived to improve energy use efficiency and use renewable materials that have less impact on the environment? | ✓ | | standards, thereby accomplishing enterprise sustainable development. Through the environmental policy, annual environmental objectives were established and linked to departmental KPIs, with quarterly reviews conducted on the progress and effectiveness of achieving those objectives. The Company has engaged a Class B air pollution control specialist to ensure the compliance of various operations. (II) We continuously make great efforts to reduce factory waste, increase recycling of noble metals and other resources, and decrease material loss, so as to minimize our operations impact on the environment. |
| (III) Is the company aware of how climate change affects its current and future risk exposure and opportunities, and taking any countermeasure against climate problems? | ✓ | | (III) As a dealer in the green-energy industry, the Company set up its own solar power system early in 2010 to partially power its facility, thereby contributing to energy saving and emission reduction. The Company constructed Taiwan's largest ground-mounted solar photovoltaic system in Xuejia, Tainan in 2012 and has exported its rich experience in installation, maintenance, and operation to other countries to help create a "Green Planet." Moreover, for accelerating development of solar power and energy storage materials, the Company not only runs high-efficiency power stations, but also continuously researches and |

| Evaluation Item | Operation | | | Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|-----------|----|--|--|
| | | | Brief description | |
| | Yes | No | | |
| (IV) Does the company have a full view of its GHG emissions, water use, and waste generation for the most recent two years, and has the Company set up any policy for saving energy, reducing emission, preserving water or other waste management? | ✓ | | <p>develops products related to electric vehicles and energy storage. As the trend toward electric vehicles is still growing, our C-Si materials and polymer adhesive are getting even more popular among customers, leading to our recent attempt on “zero-carbon opportunities.” This proves the Company’s commitment to green energy development through positive and active cooperation with the government.</p> <p>(IV) The Company has instructed its operations to develop management mechanisms for use of electricity, water, and raw materials, and has continuously optimized supply facilities for good efficiency, and has its employees conform to “Policies for Enterprise Sustainable Development and Corporate Citizen,” “Pollution Control,” “Waste Management,” “Chemicals Management,” thereby being active in reducing resources consumption for air conditioning, lighting, manufacturing process, and promoting resources recycling. Furthermore, the Company has full statistics of its emissions, waste reduction and resource recycling for the most recent three years, so as to have good management of material loss and increase recycling of noble metals raw materials recycle, thereby realizing circular economy. The Company voluntarily disclose this information on the Company’s official website.</p> | No significant difference. |

| Evaluation Item | Operation | | | Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|--|-----------|----|--|--|
| | Yes | No | Brief description | |
| IV. Social topics (I) Has the company set up management policies and procedures according to applicable regulations and International Bill of Human Rights? | ✓ | | <p>(I) The Company implements policies that protect human rights as follows:</p> <ol style="list-style-type: none"> 1. Compliance with local regulations and international standards The Company and each of its subsidiaries conform to applicable local laws and regulations of the places where they operate, and support and respect international regulations that protect labor rights, including International Labor Office Tripartite Declaration of Principles, and the United Nations Global Compact. 2. Labor rights The labor/employment contract entered between the Company and each of its employees fully conforms to local laws and regulations. 3. No forced labor The employment relationship is only established by executing a written labor/employment contract as required by law in which it is explicitly stated that the employment relationship is established based on both parties' agreement, without involvement of forced labor, illegal human trafficking, and slavery. 4. Child labor The Company shall not hire any child under 16 years old, and no behavior that may cause employment of child labor is allowable. Young labor from a person aged more than 16 and less than 18 shall not be engaged in any work that may | No significant difference. |

| Evaluation Item | Operation | | Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|---|-----------|----|--|
| | Yes | No | |
| (II) Has the company set up and implemented reasonable employee benefit measures (including remuneration, leave and other | ✓ | | <p>be dangerous or harmful, including working on the night shift or working overtime.</p> <p>5. Working hours Weekly working hours shall not exceed the maximum set under local laws.</p> <p>6. Salary and benefits The salary paid to the Company's employees conforms to applicable salary laws, including rules about minimum wage, overtime pay, and benefits. The Company forbids using deductions from wages as a disciplinary action.</p> <p>7. Humane treatment It is not allowable to treat any employee brutally or inhumanly, including using sexual harassment, sexual abuse, physical punishment, mental or physical oppression, oral insult in any form, and including minacious behavior.</p> <p>8. Anti-discrimination The Company forbids any tangible or intangible sexual harassment and discriminative behavior in workplace, and clearly declares not to decide any employee's appointment, assessment, or promotion with consideration in terms of the employee's race, gender, age, marital status, political standpoint or religious belief, and works with vendors who uphold the same principles.</p> <p>(II) 1. The Company has set up remuneration and benefit measures for its employees in accordance with</p> |
| | | | No significant difference. |

| Evaluation Item | Operation | | Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|--|-----------|----|--|
| | Yes | No | |
| benefits), and properly reflected its operating performance or results on employees' remuneration? | | | <p>Labor Standards Act and other applicable labor regulations. Our employees enjoy labor insurance, health insurance, group insurance, pension payment, and physical examinations.</p> <p>2. The Company further implements open performance assessment system to manage employees' performance, and provides additional incentives accordingly, without discrimination due to gender or age.</p> <p>3. Employee's individual performance is evaluated every year and adjustment in remuneration may be performed with reference to the Company's operational performance and business trend. The Company has promotion mechanisms in place and provides employees with training, thereby encouraging talents to give their full play and endeavor for promotion.</p> <p>4. The Company respects gender equality. In addition to menstrual leave, tocolysis leave, maternity leave, and paternity leave, the Company also provides employees with the opportunity of unpaid parental leave for raising children. The Company's sites are equipped with breastfeeding rooms to support female employees with a quality breastfeeding environment. The Company further implements "Guidelines for Management of Maternal Health Protection," so as to care for its employees.</p> <p>5. During the COVID-19 pandemic, the Company provided paid leave for vaccination. For employees</p> |

| Evaluation Item | Operation | | Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|---|-----------|----|--|
| | Yes | No | |
| (III) Has the company provided its employees with safe and healthy working environment, and | ✓ | | <p>diagnosed and undergoing isolation, full-pay sick leave was provided with the number of days equal to the full length of isolation stipulated by the government.</p> <p>6. The Company has set up Employees' Welfare Committee, which maintains annual plans and budgets, and is responsible for providing subsidies for marriage, bereavement, maternity, and hospitalization, giving festival gifts, holding employee tourism, club activities, and family activities, so as to uphold good work-life balance.</p> <p>7. The Company has set up an employee stock ownership association through which employees can use part of their salaries to buy the Company's stocks and the Company contributes an amount equal to that part as incentives for encouraging employees to hold the Company's shares and thereby enhancing employees' engagement.</p> <p>8. For sharing profit with its employees, the Company has its AoI that clearly provide that if the Company has gained profits within a fiscal year, an amount equal to more than 6% and less than 15% of the profits shall be reserved as the employees' compensation, and where there is accumulated loss, the amount of accumulated loss has to be deducted first and the balance is then used to calculate the contribution.</p> <p>(III) 1. For preventing occupational disasters, the</p> |
| | | | No significant difference. |

| Evaluation Item | Operation | | Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|---|-----------|----|--|
| | Yes | No | |
| periodically provided its employees with safety and health education? | | | <p>Company actively launches identification, assessment and control techniques of working environment, and to ensure employees' (including all partners) working safety. The Company has set up Labor Safety and Health Committee to plan safety and health programs (including education training, measures for improvement of operational environment, prevention and management of danger, audit, contractor management and promotion for employees' health), actively providing a safe working environment to employees through various management plans.</p> <p>2. The Company conducts the following safety and health works for its employees:</p> <ul style="list-style-type: none"> (1) Providing employees with periodical physical examinations every year. (2) Holding education training courses for employees' safety and health every year. (3) Performing working environment measurement every 6 months. (4) Maintaining diverse communication channels for employees to give advice and make complaints. (5) Implementing "Guidelines for Prevention of Sex Harassment," providing reporting channels, and maintaining order in the working environment. (6) Insuring employees with casualty insurance and medical insurance. |

| Evaluation Item | Operation | | Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|--|-----------|----|---|
| | Yes | No | |
| (IV) Has the company set up effective training programs of career skill development for its employees? | ✓ | | <p>(7) Implementing Disaster Emergency Response Program, holding fire training and drills every 6 months, and periodically holding safety maintenance conferences.</p> <p>(8) The number of fire incidents in 2023, the number of casualties, and the ratio of casualties to total employees were all zero.</p> <p>(IV) In order to equip our employees with the technical and administrative capability required for them to perform their functions, and in order to enable employees to overcome various challenges with their full potential, the Company provides diverse and plentiful learning resources to shape the whole company as a learning organization where life-long learning for everyone takes place.</p> <p>1. General occupational skill training This refers to courses about general education training applied to all employees according to the authorities' requirements and covers basic knowledge, skill and capability necessary for employees to work, including courses for occupational safety and health, emergency response training, and courses about quality systems.</p> <p>2. Management skills education and training This is intended to endow our employees with knowledge, skills, attitudes, and competence required for them to perform administrative jobs, including entry-level executive training, mid-level</p> <p>No significant difference.</p> |

| Evaluation Item | Operation | | Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|--|-----------|---|--|
| | Yes | No | |
| (V) As for topics like customer health and safety related to the company's products and services, customer privacy, marketing and labelling, has the Company conformed to applicable laws, regulations and international standards, and has the Company set up policies for consumer protection or customer interest and procedures for filing complaints? | ✓ | | No significant difference. |
| | | <p>executive training, top-level executive training, and work coaching.</p> <p>3. Professional skills education and training This is intended to train employees to effectively accomplish their functions with professional discipline, including OJT (On Job Training), project engagement, talent fostering, external professional training, etc.</p> <p>(V) The Company, with the responsibility for its products and marketing ethics in mind, following regulatory rules and all relevant international standards, boycotts any behavior involving fraud, misleading and deception or otherwise breaking customer trust or undermining customer interest. In the event of doubt or concern about our products, the Company shall try every effort to address the issue. The Company also follows GHS and UN TDG to deal with customer-specific needs. The Company has set up and implemented "Behavior Standards and Specifications for Employees" to protect the interest of its shareholders, stakeholders, and customers. The Company also, on its official website, provides its customers with convenient channels for giving comments or filing complaints about its products through dedicated contacts, email addresses, and sets dedicated areas for stakeholders.</p> | |

| Evaluation Item | Operation | | Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|---|-----------|----|--|
| | Yes | No | |
| (VI) Has the company set up policies for management of suppliers that require its suppliers to be compliant in terms of environmental protection, occupational safety & health, and labor rights, and how is the implementation thereof? | | | (VI) The Company has set up "Guidelines for Management of Suppliers," which provided that our major suppliers have to receive audit periodically, and that any supplier violating its corporate social responsibility to the extent that it has significant impact on the environment and society will fail its audit. Additionally, the Company has incorporated the RoHS provisions into its assessment criteria for procurement suppliers, in order to, in company with its suppliers, fulfill corporate social responsibility. |
| V. Has the company referred to international reporting standards or guidelines in its preparation of sustainability reports and other reports which disclose the Company's non-financial information? Have the abovementioned reports obtained the verification or assurance opinions from third-party certification organizations? | | ✓ | The Company discloses information on its operation and material messages on the Market Observation Post System as required by law, and provides a link to the Company's official website: www.gigasolar.com.tw . Although preparation of sustainability reports is still on our to-do list, the Company strives to fulfill corporate governance, develop a sustainable environment and uphold public interests. |
| VI. For a company having promulgated its own sustainable development principles in accordance with the "TWSE/TPEX Listed Companies Corporate Governance Best-Practice Principles," please describe any difference between its operation and the set principles: The Company has not set up sustainable development principles. However, the Company sticks to provisions of laws and our Articles of Incorporation, as well as the contracts the Company entered into with TWSE and TPEX, plus other applicable regulations, and organizes various CSR activities in view of the international trend of enterprise sustainable development and overall operations of the Company and its associate enterprises. | | | (The 2023 Sustainability Report will be released in 2024) |
| VII. Other important materials that may assist others to understand the company's operation in terms of sustainable development: Environmental protection and energy saving: the Company implements various emission reduction measures, realizes paperless operation by promoting digitization, and advocates reuse and recycling of resources. Safety and health: the Company values employees, and periodically provides employees with physical examinations, various safety and health training courses, monthly on-site occupational health services, and aperiodic health lectures. | | | |

| Evaluation Item | Operation | | Difference from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons |
|---|-----------|----|--|
| | Yes | No | |
| <p>Social contribution, social services, and public welfare: the Company has supported charities and humanistic activities through: Subscribing to social welfare organization (Joseph Social Welfare Foundation, Hsinchu) – the Company supported charity sale organized by Saint Joseph Social Welfare Foundation by purchasing Moon-Festival gift boxes for our customers, with an accumulated amount of NT\$90,900 in 2023, which was used to help the handicapped in diverse ways.</p> <p>School sponsorship: the Company has sponsored developments of local communities and schools through:</p> <ol style="list-style-type: none"> 1. The Company is a long-term sponsor to subscribe Mandarin Daily News /Mandarin Weekly Newspaper for Kids for the nearby ZhongXing Elementary School, with an accumulated amount in 2023 of NT\$81,216, hoping to create a reading climate for children and broaden their horizons. 2. The Company is a long-term sponsor of the Department of Material Science in the National Tsing Hua University for their lab management, with an accumulated amount in 2023 of NT\$19,778, hoping to provide students with a quality learning environment. 3. Sponsored NT\$20,000 for the procurement of equipment and gear for the Xinzhu Industrial Park Volunteer Fire Brigade of Hsinchu County in 2023 to support local fire safety. <p>The Company has obtained certification for ISO 9001, 14001, 45001, and IATF16949 in order to enhance its quality, environmental, and occupational health and safety performance, as well as fulfill its corporate social responsibility.</p> | | | |

Climate-related information

| Item | Implementation status |
|---|--|
| <p>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p> | <p>1. According to the Company's Risk Management Policy and Procedures: The Board of Directors is the highest unit for the Company's risk management, responsible for approving, reviewing, and supervising the Company's risk policies, ensuring the effective operation of the management structure and risk control functions. The Company's risk status and the results of management are reported to the Board of Directors at least once a year.</p> <p>The President's Office is responsible for identifying potential risks faced by the Company, formulating operational strategies, as well as supervising and implementing the strategies to achieve operational efficiency, with the aim of mitigating strategic and operational risks. It is also responsible for legal risk management, complying with government regulatory measures, and handling potential contractual disputes and litigations to reduce legal risks.</p> <p>The Audit Office evaluates significant risk items as a reference for the selection of operations in the audit plan. For potential risks, it formulates and revises relevant control policies and procedures to ensure the implementation and compliance of the systems.</p> <p>Each business unit shall clearly identify and understand the risks faced by the operations under its jurisdiction. When formulating various operational management regulations, risk management mechanisms shall be incorporated. The units shall follow the regulations to execute necessary operations and risk management tasks. When necessary, they shall coordinate cross-departmental risk management interactions and communications to ensure that risks are controlled within an acceptable range.</p> |
| <p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p> <p>3. Describe the financial impact of extreme weather events and transformative actions.</p> | <p>2 & 3 Facing the severe threat of climate change and to achieve the international and Taiwanese consensus of "net-zero emissions by 2050", the "Risk Management Team", based on the principles of international standards such as ISO 9001, ISO 14001, ISO 45001, and IATF 16949 (limited to automotive products), and in coordination with various business units, conducts risk assessment and identification for "quality aspects" and "environmental, health, and safety aspects". It evaluates the impacts and effects of risks and opportunities, further screening out significant risk and opportunity issues. The team also performs SWOT analysis and analysis charts for the company's internal and external environments to identify risks affecting the company's major quality, hazardous substance-free (HSF), environmental, health, and safety issues. These risks are recorded in the "List of Internal and External Issues of the Organization", and corresponding countermeasures and management mechanisms are adopted.</p> <p>Our plant (Hsinchu Plant):</p> |

| Item | Implementation status | |
|------|---|--|
| | Description of Issue | Possible impact |
| | Continue to increase market share in Taiwan through customization | Customized products use more raw materials (chemicals). SDS/GHS subject to immediate change. |
| | Increasing customers' willingness to purchase and market share | The increase in labor demand leads to an increase in manpower hours, resulting in ergonomic hazards or work overtime. |
| | High degree of customization | Occupational safety risks associated with cleaning and maintenance during machine line switching. |
| | Effective risk control through PDCA operation system for continuous improvement | Maintain employees' ability awareness. |
| | In response to the risk of global petrochemical energy shortage, develop green energy and deploy in the energy storage industry | Issues relating to ESH management of various chemicals used in the development of new products. |
| | Stag/waste products in the factory due to returns/exchanges | Increase the amount of waste generated. |
| | Loss of orders and loss of profit | May affect environmental, safety, and health resources. |
| | The Company's shipments/profits cannot be improved | May affect environmental, safety, and health resources. |
| | Close to Science Park/Industrial Park | Lower occupational safety risks during outsourced transportation. |
| | Higher tariffs in China affect transportation costs | The frequency of being required to provide Occupational Safety and Health certification information for product customs clearance has increased, and there is political pressure on the shipping label's origin. |
| | High import cost of (precious) raw materials | The metal batching process is classified as dust operation. Production line/R&D personnel must undergo special health examination & dust operation supervisors must be licensed. |
| | Failure to respond to changes in environmental safety and health regulations in a timely manner | Penalty imposed by the competent authority. |

| Item | Implementation status | |
|---|---|---|
| | Increased risk to employee health High volatility in production capacity Decrease in the Company's profit FSC officially launched the "Roadmap for Sustainable Development for TWSE/TPEX Listed Companies" | The health and work attendance of employees are affected, and the number of manpower is increased. May affect environmental, safety, and health resources. Select suitable counseling and consulting companies, conduct seed personnel training and arrange third-party impartial unit for inventory. |
| Shinfong Factory: | | |
| Description of Issue | Possible impact | |
| | Risk category | Type of opportunity |
| Conference Of the Parties (COP27), United Nations | Countries are aware of the risks posed by climate change, which has led to an increase in the cost of obtaining some raw materials. | The increase in global energy investment funds is beneficial to the development of the industry. |
| (EU) Ban on petrol-fuel vehicles | Encourage OEMs to develop new energy vehicles other than lithium-ion battery electric vehicles. | Accelerate the popularization of electric vehicles. |
| Specialty Chemicals Updates to regulations | The new regulations on specialty chemicals will affect the cost of equipment in the plant. | - |
| Climate Change Response Act | In 2024, the carbon fee will be increased for more than 25,000 large emission companies. This may increase the cost to small and medium-sized enterprises in the future. | At present, the increase in carbon fee is only for large carbon emissions, which increases the operating cost of large enterprises. To help SMEs increase their cost competitiveness. |
| Global economic recession | The corporate investment decreased, the terminal demand decreased, and the factory construction was delayed. | Benefited from existing plants |
| U.S. Fed to raise interest rates | Excessive rate hikes by the U.S. Fed may lead to deflation and lower private consumption willingness. | The launch of low-priced electric vehicles drives up the demand for upstream raw materials. |

| Item | Implementation status | | |
|---|---|--|--|
| 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. | Rising electricity bills | Rising electricity bills lead to higher operating costs. | Enterprises set up energy storage facilities to drive the demand for energy storage. |
| | Geographic Location | The terrain is low-lying and prone to flooding, which hindered product shipments. | Easy access to transportation |
| | Infrastructure | Outdated factory premises may result in production interruption | - |
| | Corporate Sustainability ESG issues | The Company invests in ESG issues and increases training and care resources. | Reduce corporate sustainability risks and provide investors with investment opportunities. |
| | Product reputation (customer service, satisfaction) | Communication and word-of-mouth communication are conducted among customers. | Manufacturing/creating reputation value. |
| | Rising awareness of environmental protection | The high energy consumption of production equipment may reduce customers' willingness to use high-carbon products. | Environmentally friendly products are easily popularized. |
| | Patented technology | 1. Is there any patent infringement problem in the R&D technology? 2. Whether the development of product technology conforms to the market trend. | Increased awareness and patent protection. |
| | Commercialization of new sodium batteries | The new lithium battery market is partially replaced, reducing existing profits. | Add additional markets. |
| | Mature AI technology | Lower industry threshold and more competitors. | Rising demand for commercial lithium-ion batteries. |
| | 4. Execution of relevant procedures according to the Company's Risk Management Policy and Procedures. | | |

| Item | Implementation status | | |
|--|--|--|--|
| 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. | 5. No such occurrence so far. | | |
| 6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks. | 6. To concretely achieve sustainable development and respond to the impacts brought about by climate change, we actively promote and request relevant units from various departments to formulate management mechanisms for electricity use, greenhouse gas emission reduction, water resources, and renewable energy. We regularly review the progress and effectiveness of the implementation goals to continuously reduce energy and resource consumption, achieve optimal improvement effects, thereby reducing operational risks caused by climate change and realizing the goal of environmental protection. | | |
| | Goal setting | | |
| | Short-term goals | Mid-term goals | Long-term goals |
| Energy and Greenhouse Gas Emission management | 1. Continue to follow ISO 14064-1: 2018 Greenhouse Gas Inventory Guidelines to review the status of greenhouse gas inventory. 2. Implement the solar panel installation plan in the new plant. 3. Conduct energy audits to quickly identify and improve factory energy efficiency bottlenecks. 4. Continued the 1% energy-saving target management plan in line with the power-saving target management plan of major energy users. | 1. Implement in-depth equipment and technology upgrades to improve overall production efficiency. 2. Establish a culture of energy saving and carbon reduction, and make energy saving behavior the normal within the Company. 3. Expand employee training programs to promote energy conservation and carbon reduction and provide improvement suggestions. | 1. Formulate the energy transition plan and introduce ISO 50001 certification. 2. Reaching carbon neutrality by 2050. |

| Item | Implementation status | | | |
|---|---|--|--|---|
| | Short-term goals | Mid-term goals | Long-term goals | |
| | Water resource management | <p>1. The plan is to launch a wastewater reuse program in 2024. The purpose is to specially treat wastewater discharged from the RO system that contains higher concentrations of calcium and magnesium ions, so that it can be used to supply water for secondary livelihood needs. It is expected to achieve a water saving effect of 5%.</p> | <p>1. Invest in new RO process wastewater treatment technology to improve efficiency and reduce costs.</p> <p>2. Regularly review local and international water quality standards and regulations, and ensure that the practice of RO process wastewater recycling and reuse still meets legal requirements.</p> | <p>1. Develop an integrated water management strategy, including wastewater treatment, reuse, and water conservation measures, to achieve a more sustainable use of water resources.</p> <p>2. The Company sets a target of $\geq 85\%$ water recycling rate for production processes.</p> |
| | Renewable energy | <p>The Company set up its own solar power system early in 2010 to partially power its facility, thereby contributing to energy saving and emission reduction. In 2012, the largest ground-mounted photovoltaic system in Taiwan was constructed at the Xuejia site in Tainan. The abundant experience gained from installation and operation was expanded overseas to create a "Green Earth" friendly environment. Furthermore, the Company actively cooperates with the government to promote the development of green energy and future goals.</p> | | |
| 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. | 7. Regarding carbon pricing, the Company has not yet planned or implemented internal carbon pricing measures. The Company will adhere to government and relevant policy regulations regarding carbon fees and taxes, integrating them into our operational decisions. Additionally, the Company will closely monitor international, governmental, and market trends in carbon emissions regulation to adjust our business strategies and adapt to potential future changes. | | | |
| 8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be | 8. No such occurrence so far. | | | |

| Item | Implementation status |
|--|-------------------------------|
| specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified. | |
| 9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below). | 9. No such occurrence so far. |

Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

Greenhouse Gas Inventory Information:

Describe the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years

Our Company conducts regular inventories of greenhouse gas emissions in accordance with ISO 14064-1. The Company tracks emissions from Scope 1 and Scope 2 sources, covering our manufacturing facilities in Taiwan: the Shuohe main plant and the Shuohe Xinfeng plant. The total emission in 2023 is metric tons CO₂e, of which Scope 1 emission is 17.893 metric tons CO₂e and Scope 2 emission is 3067.302 metric tons CO₂e. Intensity is 1.041591796 tons CO₂e/NT\$ million. The total emission in 2022 is metric tons CO₂e, of which Scope 1 emission is 17.669 metric tons CO₂e and Scope 2 emission is 3652.884 metric tons CO₂e. Intensity is 0.64908097 tons CO₂e/NT\$ million. Emissions risks and indirect greenhouse gas emissions resulting from electricity usage, particularly under Scope 2, are being examined to assess the impacts on company operations. Currently, the Company inventory primarily covers Scope 2 emissions, which are indirect emissions stemming from the use of Taiwan Power Company (Taipower) electricity. Electricity is mainly utilized for company operations, machinery production, and air conditioning. The Company will continue progressively improving equipment efficiency and implementing energy-saving measures. Additionally, the Company will evaluate the feasibility of alternative energy sources to fulfill commitments and comply with regulations, thus reinforcing our commitment to green and sustainable operations.

Note 1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Another indirect emissions information may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT\$ 1 million) shall be disclosed.

Greenhouse Gas Assurance Information:

| |
|---|
| Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion. |
| The Company plans to conduct external verification of greenhouse gas assertion in 2024. |

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. If the Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, it shall note that "Complete assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it shall note that "Complete assurance information will be disclosed on the Market Observation Post System (MOPS)," and shall disclose the complete assurance information in the annual report of the following fiscal year.

Note 2: The assurance institutions shall meet the directions regarding assurance of sustainability reports prescribed by the TWSE and the TPEX

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan:

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

While the Company is not subject to greenhouse gas management regulations set by the Environmental Protection Administration, we have proactively initiated greenhouse gas inventories since 2023 in alignment with the global trend towards carbon neutrality. The Company is also planning voluntary verification measures.

The establishment of a greenhouse gas emissions baseline began in 2023, with the year serving as a reference for reduction efforts. The Company is committed to implementing gradual reductions annually, aiming to achieve carbon neutrality by 2050.

SASCO2 Carbon Neutrality Pathway Planning Table

| | Short-term goals | Mid-term goals | Long-term goals |
|-------------------------------------|--|---|---|
| Time | 2030 (Year 2030) | 2040 (Year 2040) | 2050 (Year 2050) |
| Reduction Target | 20% reduction from 2023 (2023) | 40% reduction from 2023 (2023) | Aim to achieve carbon neutrality by 2050 |
| Strategy and action plan | <ol style="list-style-type: none"> 1. Implement the solar panel installation plan in the new plant. 2. Conduct energy audits to quickly identify and improve factory energy efficiency bottlenecks. 3. Continued the 1% energy-saving target management plan in line with the power-saving target management plan of major energy users. 4. Replacement/selection of energy-saving equipment, lamps and systems. | <ol style="list-style-type: none"> 1. Implement in-depth equipment and technology upgrades to improve overall production efficiency. 2. Expand employee training programs to promote energy conservation, and provide improvement suggestions. 3. Establish a culture of energy saving, and make energy saving behavior the normal within the Company. | <ol style="list-style-type: none"> 1. Formulate an energy transition plan to further increase the proportion of renewable energy. 2. Introduction of ISO 50001 certification. |
| Reduction Target Achievement | The target time has not yet expired, and the reduction actions continue to be carried out | Target time has not expired | Target time has not expired |

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations.

Note 2: The base year should be the year in which the inventory of the consolidated financial statements is completed. For example, according to the provisions of Article 10, Paragraph 2 of these Regulations, companies with a capital of NTS10 billion or more shall complete the inventory of the consolidated financial statements for the fiscal year 2024 by 2025. Therefore, the base year is 2024. If a company has completed the inventory of the consolidated financial statements earlier, it may use the earlier year as the base year.

Furthermore, the data for the base year may be calculated using the value for a single year or the average value for several years.

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website

(VI) Fulfillment of ethical corporate management, difference from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and reason thereof:

| Evaluation Item | Operating status (Note 1) | | | Difference from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reason thereof |
|---|---------------------------|----|--|---|
| | Yes | No | Brief description | |
| I. Having set up policies and programs for ethical corporate management | | | | |
| (I) Has the company had Board-approved policies for ethical corporate management in place, and clearly specified in its rules and external documents the ethical corporate management policies, measures, and the commitment by its Board and senior management on rigorous and thorough implementation of such policies? | ✓ | | (I) The Company has its “Ethical Corporate Management Principles” and “Operating Procedures and Conduct Guides for Ethical Corporate Management”. The Company also has “Behavior Standards and Specifications for Employees” in place, in which it is provided that an employee shall not use its position to seek unlawful profit, receive entertainments, take kickbacks, or conduct embezzlement. By promoting and implementing the foregoing guidelines for behavior, the Company has successfully translated its business philosophy into reality and achieved various operating goals, thereby ensuring the interests of the Company’s shareholders, stakeholders, and customers, while respecting and protecting all employees in our business operating mechanisms, and realizing our commitments as set forth in our business policy. | No significant difference. |
| (II) Has the company established a risk assessment mechanism against unethical conduct, analyzes and assesses regularly business activities within their business scope which are at a higher risk of being | ✓ | | (II) The Company has “Operating Procedures and Conduct Guides for Ethical Corporate Management,” “Measures for the Report on Illegal, Unethical and Dishonest Conducts,” | No significant difference. |

| Evaluation Item | Operating status (Note 1) | | | Difference from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reason thereof |
|--|---------------------------|----|--|---|
| | Yes | No | Brief description | |
| involved in unethical conduct, and established prevention programs accordingly, at least converting preventive measures against the conduct as recited in Subarticle 2, Article 7 of “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies”? | | | and “Behavior Standards and Specifications for Employees” for employees to comply with, as well as internal regulations related to audit and internal control as the basis for our implementation of ethical corporate management. Every charity donation or sponsorship fee has been approved by the authorization level and conforms to applicable laws and the Company’s internal regulations. | |
| (III) Has the company in the prevention programs against unethical conduct provided operating procedures, conduct guides, disciplinary measures for violations, and grievance systems, implemented the program, and reviewed and amended it on a regular basis? | ✓ | | (III) In order to prevent unethical conduct, the Company has set up “Operating Procedures and Conduct Guide for Ethical Corporate Management,” “Measures for the Report on Illegal, Unethical and Dishonest Conducts,” “Behavior Standards and Specifications for Employees,” and “Rules for Management of Rewards and Sanctions for Employees” in which a conduct guide, disciplinary measures for violations and grievance systems have been formulated. The Company further promotes internal advocacy and realizes the provisions in daily operations, while reviewing them regularly, so as to ensure good corporate governance and risk control. | No significant difference. |
| II. Fulfillment of ethical corporate management (I) Has the company evaluated its counterparties for record of ethics, and incorporated provisions of ethical conduct in contracts it has entered with counterparties? | ✓ | | (I) Before trading with or building procurement from a potential counterparty, the Company first checks the potential counterparty’s authenticity at the website of the Department | No significant difference. |

| Evaluation Item | Operating status (Note 1) | | Difference from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reason thereof |
|---|---------------------------|----|--|
| | Yes | No | |
| (II) Has the company set up a dedicated unit under Board that is responsible for promoting ethical corporate management and periodically (at least once a year) reports implementation of ethical corporate management policies and prevention programs against unethical conduct to the Board? | | | of Commerce, MOEA, and then investigates its past transactions through various channels (such as credit checking), so as to verify the potential counterparty's business ethics. Anyone wishes to do business with the Company has to sign a "Letter of Undertaking of Integrity," through which the signer undertakes to stick to applicable laws and regulations as well the Company's requirements by refrains itself from involving bribery or seeking unlawful benefits. Data of transaction-related customers and suppliers are summarized in the Company's business meetings and procurement meetings. Where a potential counterparty is found involving unethical conduct, deal on credit shall be strictly controlled, and further evaluation will be made to identify the Company's current risk exposure and to determine whether the potential transaction is to be cancelled. |
| | | ✓ | Without such a dedicated unit, the Company instructs its operational units to implement and monitor ethical corporate management to the extent their respective job duties and business scopes covers. The Company has set up Audit Committee, which is subordinate to the Board, to supervise the Company's compliance. Internally, the Company maintains effective channels for employees to report unlawful |
| | | | It has been put in the Company's agenda whether and when a dedicated unit for promoting ethical corporate management is established. |

| Evaluation Item | Operating status (Note 1) | | Difference from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reason thereof |
|---|---------------------------|----|---|
| | Yes | No | |
| (III) Has the company set up policies for prevention of conflict of interest, provided proper voicing channels, and implemented the same? | ✓ | | No significant difference. |
| | ✓ | | |

conduct. The relevant administrative unit accepts reports, conducts investigation, tracks progress and acts on the results, while securing personal data of reporters confidential.

(III) As provided in the Company's Procedural Rules of Board Meetings, if any shareholder, director, or stakeholder has a stake in itself or the juristic person it represents to the extent that the stake is likely to prejudice the interests of the company, the shareholder, director, or stakeholder may express opinion and answer questions, but may not participate in discussion or voting, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights. The rule is well followed by the Board whenever a stake-related issue is raised.

The Company also has "Behavior Standards and Specifications for Employees," "Rules for Management of Rewards and Sanctions for Employees," and the use of "Letter of Undertaking of Integrity" in place to through which it is stated that no unlawful benefit or conduct that damages the Company's interests is allowed, and in which recusal measures, disciplinary measures, and grievance systems are provided.

| Evaluation Item | Operating status (Note 1) | | | Difference from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reason thereof |
|--|---------------------------|----|--|---|
| | Yes | No | Brief description | |
| (IV) Has the company set up proven accounting systems and internal control systems for implementing ethical corporate management, made an audit plan at the internal audit unit according to results of risk evaluation about unethical conduct, and followed the audit plan to audit compliance with the prevention programs against unethical conduct, or entrusted such audit to an accountant? | | | (IV) The Company has a dedicated accounting unit and has dealt with accounting operation according to applicable rules such as Regulations Governing the Preparation of Financial Reports. Our financial reports have all been audited or reviewed by CPAs, so as to ensure fairness of our financial statements. The Company also has set up an audit office under Board to handle audit operations for our different operational units in accordance with annual plans, so as to implement internal control. | No significant difference. |
| (V) Has the company organized internal and external education and training about ethical corporate management on a regular basis? | ✓ | | (V) The Company in 2023 organized education and training about insider trading, information security, and other topics related to ethical corporate management, with a total of 235 participants and 235 hours. The Company's Directors also attended seminars about ethical corporate management organized by the authorities | No significant difference. |
| III. Operation of whistleblowing systems (I) Has the company set up specific whistleblowing and incentive systems, maintained convenient whistleblowing channels, and appointed appropriate, dedicated personnel for alleged perpetrators? | ✓ | | (I) The Company has set up "Behavior Standards and Specifications for Employees," "Rules for Management of Rewards and Sanctions for Employees," "Employee Service Rules," and "Measures for the Report on Illegal, Unethical and Dishonest Conducts", which include provisions about both whistleblowing channels and dedicated units. Our employees may have themselves | No significant difference. |

| Evaluation Item | Operating status (Note 1) | | | Difference from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reason thereof |
|--|---------------------------|----|---|---|
| | Yes | No | Brief description | |
| | | | heard by the managerial level through various channels, such as HR units, labor-management conferences, regular mobilization meetings, and whistleblowing mailboxes. The Company, after receiving whistleblowing reports, will appoint appropriate, dedicated personnel to deal with the cases. The Company has set up rules for assessment and reward/punishment. In case of violation against ethical corporate management by employees, the Company will have heads of relevant departments work together to discuss and decide reward/punishment of involved employees, and the reward/punishment decisions will be announced to all employees. | |
| (II) Has the company set up standard operating procedures of investigation for whistleblowing reports, follow-up measures after investigation, and confidentiality mechanisms related thereto? | ✓ | | (II) The Company has set up “Rules for Management of Rewards and Sanctions for Employees,” which provide clearly that every responsible unit shall deal with whistleblowing cases with impartialness and shall keep the whistleblower, whistleblowing details, investigation and findings strictly confidential without disclosure. | No significant difference. |
| (III) Has the company set up measures to protect whistleblowers from improper treatment due to their whistleblowing? | ✓ | | (III) The Company hears and handles whistleblowing in accordance with internal regulations, and explicitly requests to keep the identity of whistleblowers and details of whistleblowing confidential, so as to protect whistleblowers from improper retaliation due | No significant difference. |

| Evaluation Item | Operating status (Note 1) | | Difference from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reason thereof |
|---|---------------------------|----|---|
| | Yes | No | |
| IV. Improvements in information disclosure Has the company disclosed the contents of its ethical corporate management principles and the results for implementing the same at its website and Market Observation Post System? | ✓ | | No significant difference. |
| V. For a company having set forth its own ethical corporate management principles in accordance with “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies,” please describe any difference between its operation and the set principles: as indicated in the right column in the table above The Company has formulated “Ethical Corporate Management Principles” and “Operating Procedures and Conduct Guides for Ethical Corporate Management”. By securing solid mechanisms for corporate governance, risk control, and management and maintaining sound internal regulations, we can prevent unethical conduct and create an operating environment favorable to sustainable development of the Company. In the future, the Company will further implement provisions set forth in the ethical corporate management principle. | | | |
| VI. Other important information beneficial for understanding the operation of ethical corporate management: (e.g. how the Company reviews and amends its ethical corporate management principles) The Company upholds business philosophy that values integrity, transparency, and conscientiousness, and has set up solid mechanisms for corporate governance and risk control. The Company also has “Ethical Corporate Management Principles” and “Operating Procedures and Conduct Guides for Ethical Corporate Management” in place, while sticking to the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, regulations for TWSE/TPEx listed companies and other regulations related to business conduct to embody out commitment to implementation of ethical corporate management. The same spirit is not only actualized in our internal regulations to further ensure ethical corporate management but realized in our outside business activities. | | | |

Note: As for operation, description has to be provided in the field of abstract no matter Yes or No is checked.

(VII) How to Search for Corporate Governance Principles and Relevant Regulations:

The Company's Practice Principles for Corporate Governance have been published on the Company's official website at www.gigasolar.com.tw.

(VIII) Additional Major Information on Corporate Governance:

1. Having procedures for handling material inside information in place: Yes.

The Company's Procedures for Handling Material Inside Information have been published on the Company's official website at: www.gigasolar.com.tw.

2. Information on Continuing Education for the Company's Directors during 2023

Has been disclosed in the "Center for Corporate Governance in the Market Observation Post System" (<http://mops.twse.com.tw>).

| Job title | Name | Date of continuing education courses | Organizer | Course Name | Hours |
|--|-----------------|--------------------------------------|---|---|-------|
| Representative of Juristic Person Director | Chen Chi-Ming | August 11, 2023 | Taiwan Corporate Governance Association | Corporate legal risks and countermeasures - from corporate investment and financing | 3 |
| | | November 13, 2023 | Taiwan Corporate Governance Association | How do enterprises successfully negotiate and negotiate for investment and mergers and acquisitions: practical case sharing | 3 |
| Representative of Juristic Person Director | Chen Chi-Hsing | November 13, 2023 | Taiwan Corporate Governance Association | How do enterprises successfully negotiate and negotiate for investment and mergers and acquisitions: practical case sharing | 3 |
| | | December 15, 2023 | Corporate Management and Sustainable Development Association of the Republic of China | Legal Compliance of the Board of Directors and Legal Responsibilities of Directors and Supervisors and Case Study | 3 |
| Representative of Juristic Person Director | Lin Jiang-Ching | August 11, 2023 | Taiwan Corporate Governance Association | Corporate legal risks and countermeasures - from corporate investment and financing | 3 |
| | | November 13, 2023 | Taiwan Corporate Governance Association | How do enterprises successfully negotiate and negotiate for investment and mergers and acquisitions: practical case sharing | 3 |
| Representative of Juristic Person Director | Chen Su-Hui | August 11, 2023 | Taiwan Corporate Governance Association | Corporate legal risks and countermeasures - from corporate investment and financing | 3 |
| | | November 13, 2023 | Taiwan Corporate Governance Association | How do enterprises successfully negotiate and negotiate for investment and mergers and acquisitions: practical case sharing | 3 |
| Directors | Huang Wen-Jui | August 11, 2023 | Taiwan Corporate Governance Association | Corporate legal risks and countermeasures - from corporate investment and financing | 3 |
| | | November 13, 2023 | Taiwan Corporate Governance Association | How do enterprises successfully negotiate and negotiate for investment and mergers and acquisitions: practical case sharing | 3 |
| Representative of Juristic Person Director | Hsu Chin-Jung | August 11, 2023 | Taiwan Corporate Governance Association | Corporate legal risks and countermeasures - from corporate investment and financing | 3 |
| | | August 15, 2023 | Taiwan Corporate Governance Association | How to Governance of Assigned Directors and Managers | 3 |
| Representative of Juristic Person Director | Wu Yi-Tso | August 11, 2023 | Taiwan Corporate Governance Association | Corporate legal risks and countermeasures - from corporate investment and financing | 3 |
| | | November 13, 2023 | Taiwan Corporate Governance Association | How do enterprises successfully negotiate and negotiate for investment and mergers and acquisitions: practical case sharing | 3 |
| Independent Director | Chang Wen-Ming | November 9, 2023 | Corporate Management and Sustainable Development Association of the Republic of China | Global trends and business opportunities for low-carbon economy and corporate low-carbon innovation | 3 |
| | | November | Taiwan Corporate Governance | How do enterprises successfully negotiate and | 3 |

| Job title | Name | Date of continuing education courses | Organizer | Course Name | Hours |
|----------------------|--------------|--------------------------------------|---|---|-------|
| | | 13, 2023 | Association | negotiate for investment and mergers and acquisitions: practical case sharing | |
| Independent Director | Lo Shih-Wei | April 25, 2023 | Taiwan Corporate Governance Association | Offensive and defensive strategies in management rights disputes and legal liability risks for company officers (independent directors) | 3 |
| | | July 25, 2023 | Taiwan Corporate Governance Association | Common legal issues in corporate M&A contracts | 3 |
| Independent Director | Li Hui-Lung | June 02, 2023 | National Association of Industry and Commerce | 2023 Taiwan New Net Zero Electricity Summit | 3 |
| | | August 11, 2023 | Taiwan Corporate Governance Association | Corporate legal risks and countermeasures - from corporate investment and financing | 3 |
| | | November 13, 2023 | Taiwan Corporate Governance Association | How do enterprises successfully negotiate and negotiate for investment and mergers and acquisitions: practical case sharing | 3 |
| Independent Director | Chiu Hsin-Fu | August 11, 2023 | Taiwan Corporate Governance Association | Corporate legal risks and countermeasures - from corporate investment and financing | 3 |
| | | November 13, 2023 | Taiwan Corporate Governance Association | How do enterprises successfully negotiate and negotiate for investment and mergers and acquisitions: practical case sharing | 3 |

3. Summary of continuing education and training about corporate governance the Company's managerial personnel attending in 2023 is shown below: None

| Job title | Name | Date of continuing education courses | Organizer | Course Name | Hours |
|------------------------------|---------------|--------------------------------------|---|---|-------|
| Head of corporate governance | Wang Tsai-Hua | August 11, 2023 | Taiwan Corporate Governance Association | Corporate legal risks and countermeasures - from corporate investment and financing | 3 |
| | | November 13, 2023 | Taiwan Corporate Governance Association | How do enterprises successfully negotiate and negotiate for investment and mergers and acquisitions: practical case sharing | 3 |

4. More important information beneficial for understanding the Company's corporate governance practices, please refer to P. 38-49 of this annual report.

(IX) Implementation of Internal Control System

I. Statement of Internal Control

Statement of Internal Control System by Public Companies

is to represent that the design and operation of the system are both effective

(This statement applies when the part of compliance refers to all laws and regulations)

Giga Solar Materials Corporation

Statement of Internal Control System

Date: March 28, 2023

Based on the findings of a self-evaluation, the Company states the following with regard to its internal control system during 2023:

- I. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system. The system is aimed at providing reasonable assurance regarding reasonable achievement of objectives in the following categories: effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets); reliability of financial reporting; and compliance with applicable laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company takes corrective actions whenever a deficiency is identified.
- III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter, the "Regulations"). The criteria adopted by the Regulations identify five components of internal control based on the process of management control: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring. Each component further contains several items. Please refer to the Regulations for details.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- V. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that, the internal control system as of December 31, 2023 (including its supervision and management of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
- VI. The Statement of the Internal Control System will be a prominent feature of our annual report and prospectus, and will be released to the public. Should any statement herein involve forgery, concealment or any other illegality, Articles 20, 32, 171 and 174 of the Security and Exchange Act shall apply.
- VII. This Statement has been passed by the Board of Directors in their meeting held on March 28, 2024. In the 11 attending directors, no attending directors expressed dissenting opinions, and the remainder all affirming the content of this Statement.

Giga Solar Materials Corporation

Chairperson: Chen Chi-Ming Signature

General Manager: Huang Wen-Jui Signature

II. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None

(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, disclose the penalty, the main shortcomings, and condition of improvement: None

(XI) Major resolutions in shareholders' meetings and the Board's meetings during the most recent fiscal year and as of the date of printing of this annual report

1. Major Resolutions of Board

| Date | Description | Implementation status |
|--|---|-------------------------|
| January 12, 2023 (the thirteenth meeting of the seventh session) | <ol style="list-style-type: none"> 1. Distribution of 2022 year-end bonus Chairperson 2. Distribution of 2022 year-end bonus for the Company's managerial personnel. 3. Salary adjustment for 2023. 4. Evaluation for deciding whether receivables of high amounts exceeding the normal 3-month credit period as of December 31, 2022 shall be considered as monetary loans. 5. Draft of the Company's "Ethical Corporate Management Principles". 6. Review of the Company's operating plan & annual budget 2023 7. Proposal of bank financing credit 8. Draft of the Company's "Operating Procedures and Conduct Guides for Ethical Corporate Management" and "Measures for the Report on Illegal, Unethical and Dishonest Conducts" | Implemented as resolved |
| March 15, 2023 (the fourteenth meeting of the seventh session) | <ol style="list-style-type: none"> 1. Evaluation for deciding whether receivables of high amounts exceeding the normal 3-month credit period as of December 31, 2022 shall be considered as monetary loans. 2. Amendment to some clauses in the Company's "Articles of Incorporation" 3. Amendment some clauses in the Company's "Board Meeting Rules" 4. Convene the Company 2023 shareholders' meetings | Implemented as resolved |
| March 29, 2023 (the fifth meeting of the seventh session) | <ol style="list-style-type: none"> 1. Review of the Company's Business Report and Financial Statement 2022 2. Loss appropriation 2022 3. Review of the Company's statement of internal control system 2022 4. Proposal to formulate the CPA Non-assurance Services Pre-approval Regulations. 5. Review of the Company CPA independence evaluation results 6. Discussion about salary adjustment 2023 of the Company's managerial personnel as reviewed by Remuneration Committee 7. Update of convening the Company's shareholders' meeting 2023 | Implemented as resolved |
| May 12, 2023 (the sixth meeting of the) | <ol style="list-style-type: none"> 1. Review of the Company's Financial Statement Q1 2023 2. Evaluation for deciding whether receivables of high amounts exceeding the normal 3-month credit period as of April 30, 2023 shall be | Implemented as resolved |

| Date | Description | Implementation status |
|--|--|-------------------------|
| seventh session) | considered as monetary loans. 3. Proposal of bank financing credit 4. Appointment of the Corporate Governance Officer of the Company | |
| June 09, 2023 (the seventh meeting of the seventh session) | 1. Discussion about the Company's participation in subscription for a cash capital increase of its subsidiary Hua Hsu Silicon Materials Co., Ltd. in 2023 2. Proposal to acquire common shares of Hua Hsu Silicon Materials Co., Ltd. cumulatively within one year by ratification | Implemented as resolved |
| August 11, 2023 (the eighteenth meeting of the seventh session) | 1. Proposed CPA changes for the Company were subject to review and approval 2. Review of the Company's Financial Statement Q2 2023 3. Evaluation for deciding whether receivables of high amounts exceeding the normal 3-month credit period as of July 31, 2023 shall be considered as monetary loans 4. Provision of a CNY 42-million loan to the Company's subsidiary Yancheng Giga Solar Materials Corporation 5. Disposal of reinvestment in the shares of ACRO Biomedical Co., Ltd. 6. Discussion about the Company's participation in subscription for a cash capital increase of Foresight Energy Technologies Co., Ltd. in 2023 7. Proposal of bank financing credit | Implemented as resolved |
| October 02, 2023 (the nineteenth meeting of the seventh session) | 1. Evaluation for deciding whether receivables of high amounts exceeding the normal 3-month credit period as of September 30, 2023 shall be considered as monetary loans. 2. Provision of a CNY 45-million loan to the Company's subsidiary Yancheng Giga Solar Materials Corporation 3. Loaning of JPY 370 million by the Company to subsidiary Godo Kaisha Chiba | Implemented as resolved |
| November 13, 2023 (The Twentieth Meeting of Seventh Session) | 1. Proposal of 2023 rewards to the Company's accountants 2. Review of the Company's Financial Statement Q3 2023 3. Evaluation for deciding whether receivables of high amounts exceeding the normal 3-month credit period as of October 31, 2023 shall be considered as monetary loans 4. Provision of a CNY 15-million loan to the Company's subsidiary Yancheng Giga Solar Materials Corporation 5. Approval for providing endorsement and guarantee for Yancheng Giga Solar Materials Corporation 6. Re-investment in capital increase of its subsidiary Yancheng Giga Solar Materials Corporation 7. Discussion about the Company's participation in subscription for a cash capital increase of its subsidiary Green Energy Electrode, Inc. in 2023 8. Draft of the Company's audit plan 2024 9. Renewal of "Liability insurance for General Manager and managerial personnel" 10. Proposal of bank financing credit | Implemented as resolved |
| January 19, 2024 (The Twenty-first Meeting of Seventh Session) | 1. Distribution of 2023 year-end bonus Chairperson 2. Distribution of 2023 year-end bonus for the Company's managerial personnel. 3. Evaluation for deciding whether receivables of high amounts exceeding the normal 3-month credit period as of December 31, 2023 shall be considered as monetary loans 4. Approval for providing endorsement and guarantee for Yancheng Giga | Implemented as resolved |

| Date | Description | Implementation status |
|---|--|-------------------------|
| | Solar Materials Corporation 5. Review of the Company's operating plan & annual budget 2024 6. Amendment to the Company's "Corporate Governance Best Practice Principles" 7. Proposal of bank financing credit | |
| March 15, 2024 (The Twenty-second Meeting of Seventh Session) | 1. Salary adjustment for 2024. 2. Annual salary adjustment for the Chairman 3. The 2024 managerial officers' salary adjustment 4. Evaluation for deciding whether receivables of high amounts exceeding the normal 3-month credit period as of February, 2024 shall be considered as monetary loans 5. The proposal for pre-approval of the Company's list of non-assurance services provided by the CPA firm in 2024 6. Amendment of some clauses in the Company's "Procedures for Acquisition or Disposal of Assets." 7. Amendment of some clauses the Company "Procedures for Loaning Funds to Others" 8. Amendments to the Company's "Related Party Transaction Procedures" 9. Review of the Company's Unaudited 2023 Financial Statement 10. Amendment some clauses in the Company's "Board Meeting Rules" 11. Full re-election of directors 12. Convene the Company 2024 shareholders' meetings | Implemented as resolved |
| March 28, 2024 (The Twenty-third Meeting of Seventh Session) | 1. Review of the Company's Business Report and Financial Statement 2023 2. Loss appropriation 2023 3. Approval for the recognition of asset impairment in accordance with IAS 36 4. Review of the Company's statement of internal control system 2023 5. Nomination of candidate list for the Company's directors and independent directors 6. Removal of non-competition restrictions for new directors 7. Amendment of some clauses in the Company's "Procedures for Acquisition or Disposal of Assets." 8. Review of the Company CPA independence evaluation results 9. Amendments to the main agenda of the 2024 general shareholders' meeting | Implemented as resolved |

2. Major resolutions of shareholders' meetings and implementation thereof

| Date | Description | Implementation status |
|---------------|---|--|
| June 09, 2023 | 1. Recognition of Business Report and Financial Statement 2022. Resolutions: the proposal was adopted by vote (including e-voting) | Implemented as resolved. |
| | 2. Acknowledgment of 2022 deficit appropriation. Resolutions: the proposal was adopted by vote (including e-voting) | Implemented as resolved. |
| | 3. Adoption of proposed amendment of some clauses in the Company's "Articles of Incorporation." Resolutions: the proposal was adopted by vote (including e-voting) | Implemented as resolved. Changes were registered at Ministry of Economic Affairs as regulated, and approved on June |

Major resolutions of the Company's shareholders meetings reached in for the most recent fiscal year and as of the date of printing of this annual report are listed above, and more information is accessible to investors through the Market Observation Post System.

(XII) If any resolution of Board of Directors to which a director or supervisor has a dissenting opinion that has been recorded or made into a written statement, specify the opinion: None.

(XIII) Summary of resignation and dismissal of the Company's chairperson, general manager, accounting heads, financial officers, internal audit officers and R&D heads during the most recent fiscal year and as of the date of printing of this annual report: None.

V. Certification Information on Accountant Fees
Information on fees

Unit: NT\$ thousand

| Name of Accounting firm | Name of accountant | | Period of accountant audit | Audit fees | Non-audit fees (Note) | Total | Remarks |
|-------------------------|--------------------|--------------|-----------------------------------|------------|-----------------------|-------|---------|
| Deloitte and Touche | Chung Ming-Yuan | Chang Ya-Yun | January 1, 2023~December 31, 2023 | 5,055 | 1,001 | 6,056 | |

Note: Non-audit fees cover:

In 2023, the tax declaration fee was NT\$400 thousand; the 2022 transfer pricing fee was NT\$400 thousand; the fee for the review of the 2022 impairment assessment report on Chuangyi intangible assets was NT\$200 thousand. In 2022, the transfer to pricing paid in lieu of a printing fee of NT\$1 thousand.

2. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

3. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

VI. Information on change of accountants: None.

VII. The Company's chairperson, general manager, or any managerial personnel Responsible for financial or accounting business, if assuming positions in the office of the accountant certifying the Company's financial statement or in the affiliates thereof in the latest year, shall disclose its name as well as the job title and term of its services for the accountant's office and the affiliated enterprises thereof: None.

VIII.Changes of share transfer and share pledges of directors, supervisors, managerial personnel, or Shareholders having a Shareholding Rate higher than 10% during the most recent fiscal year and as of the date on publication of this annual report

1. Changes shareholding and share-transfer of Directors, managerial personnel, and Major Shareholders

Unit: share

| Job title | Name | 2023 | | As of April 9, 2024 | |
|----------------------------------|--|---|--|---|--|
| | | Increased (decreased) number of shares held | Number of pledged shares Increase (decrease) | Increased (decreased) number of shares held | Number of pledged shares Increase (decrease) |
| Chairperson | Gigastorage Corporation | 0 | 5,800,000 (5,500,000) | 0 | 0 |
| Chairperson Representative | Gigastorage Corporation Corporate Representative Chen Chi-Ming | (40,000) | (50,000) | 0 | 0 |
| Directors | Gigastorage Corporation Corporate Representative Chen Chi-Hsing | 0 | 0 | 0 | 0 |
| Directors | Gigastorage Corporation Corporate Representative Lin Jiang-Ching | 0 | 0 | 0 | 0 |
| Directors | Chun-Ru Investment Co., Ltd. | 0 | 0 | 0 | 0 |
| Directors | Chun-Ru Investment Co., Ltd. Representative: Chen Su-Hui | 0 | 0 | 0 | 0 |
| Directors | Sincere Holding Co., Ltd. | 0 | 0 | 0 | 0 |
| Directors | Sincere Holding Co., Ltd. Corporate Representative:Hsu Chin-Jung | 0 | 0 | 59,000 | 0 |
| Directors | Hong-Yang Venture Capital Co., Ltd. | 0 | 0 | 0 | 0 |
| Directors | Hong-Yang Venture Capital Co., Ltd. Corporate Representative:Wu Yi-Tso | 0 | 0 | 0 | 0 |
| Directors | Huang Wen-Jui | 40,000 | 0 | 100,000 | 0 |
| Independent Director | Lo Shih-Wei | 0 | 0 | 0 | 0 |
| Independent Director | Chang Wen-Ming | 0 | 0 | 0 | 0 |
| Independent Director | Chiu Hsin-Fu | 0 | 0 | 0 | 0 |
| Independent Director | Li Hui-Lung | 0 | 0 | 0 | 0 |
| major shareholders | Gigastorage Corporation | 0 | 5,800,000 (5,500,000) | 0 | 0 |
| major shareholders | Hong-Yang Venture Capital Co., Ltd. | 0 | 0 | 0 | 0 |
| General Manager | Huang Wen-Jui | 40,000 | 0 | 100,000 | 0 |
| Vice General Manager | Chen Yuan-Yu | 0 | 0 | 0 | 0 |
| Vice General Manager | Yan Guang-Fu | 5,000 | 0 | 0 | 0 |
| Financial and accounting officer | Wang Tsai-Hua | (6,000) | 0 | 0 | 0 |

Note 1: Information on an insider is not disclosed any more from the date it leaves its position in the Company.

2. For a director, supervisor, managerial personnel or shareholders having a shareholding rate higher than 10%, if the opposite side of its share transfer or share pledge is an interested party, the name of the opposite side, its relationship with any of the Company's directors, supervisor and major shareholders having a shareholding ratio more than 10% and the number of shares involved in the transfer or pledge shall also be disclosed: None

IX. Information on Shareholders having top-ten shareholding ratios (%) and being related parties or spouses or relatives within the second degree of kinship mutually

Information on relationship between shareholders having a top-ten shareholding (%)

April 9, 2024; Unit: share

| Name (Note 1) | The owner Shareholding | | Shares held by spouse and minor children | | Total shareholding under the name of third parties | | For two of the Top-10 shareholders who are interested parties or spouses or relatives within the second degree of kinship, their names or names and relationship | | Remarks |
|---|------------------------|-------------------------|--|-------------------------|--|-------------------------|--|---------------|---------|
| | Number of Shares | Shareholding Percentage | Number of Shares | Shareholding Percentage | Number of Shares | Shareholding Percentage | Name | Relationship | |
| Gigastorage Corporation | 34,982,909 | 38.07% | 0 | 0 | 0 | 0 | Gigastorage | Same chairman | - |
| Representative: Chen Chi-Ming | 151,346 | 0.16% | 0 | 0 | 0 | 0 | Gigastorage | Directors | - |
| Hong-Yang Venture Capital Co., Ltd. | 9,265,098 | 10.08% | 0 | 0 | 0 | 0 | None | None | - |
| Representative: Huang Te-Tsai | 0 | 0.00% | 0 | 0 | 0 | 0 | None | None | - |
| Sincere Holding Co., Ltd. | 4,686,000 | 5.10% | 0 | 0 | 0 | 0 | None | None | - |
| Representative: Wu Ru-Mei | 0 | 0 | 0 | 0 | 0 | 0 | None | None | - |
| Han Hsin Investment Corp. | 1,093,741 | 1.19% | 0 | 0 | 0 | 0 | None | None | - |
| Representative: Huang Mei-Chi | 0 | 0 | 0 | 0 | 0 | 0 | None | None | - |
| Lin Yu-Ye | 900,000 | 0.98% | 0 | 0 | 0 | 0 | None | None | - |
| Tang Hong-De | 687,000 | 0.75% | 0 | 0 | 0 | 0 | None | None | - |
| Tseng Chun-Sheng | 550,000 | 0.60% | 0 | 0 | 0 | 0 | None | None | - |
| Mizuho Securities Investment Account held in custody by Standard Chartered International Commercial Bank | 549,000 | 0.60% | 0 | 0 | 0 | 0 | None | None | - |
| JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds | 480,916 | 0.52% | 0 | 0 | 0 | 0 | None | None | - |
| Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds | 477,152 | 0.52% | 0 | 0 | 0 | 0 | None | None | - |

Note 1: Please list all the top-10 shareholders, and where a shareholder is a juristic person, the names of the juristic person and its representative name separately.

Note 2: Shareholding (%) refer the shareholding ratios calculated using the numbers of shares under the names of the indicated person, its spouse and minor children, and others, respectively.

Note 3: Where the above-disclosed shareholders include both juristic persons and natural persons, please disclose their mutual relationship in accordance with the provisions as set forth in the issuer's regulations governing the preparation of financial reports.

- X. The total number of shares and total equity stake held in any single enterprise by the company, its directors, managerial officers, and any companies controlled either directly or indirectly by the company:

Unit: share; % Date: March 31, 2024

| Investments in other companies (Note) | the Company investment | | Investments of directors, managerial officers, and any companies controlled either directly or indirectly by the company | | consolidated investment | |
|---|------------------------|------------------|--|------------------|-------------------------|------------------|
| | Number of Shares | Shareholding (%) | Number of Shares | Shareholding (%) | Number of Shares | Shareholding (%) |
| Green Energy Electrode, Inc. | 22,588,759 | 52.81% | 500,000 | 1.69% | 23,088,759 | 53.98% |
| Giga Solar Materials Corp. (Mauritius) | 25,900,000 | 100.00% | 0 | 0 | 25,900,000 | 100.00% |
| Suzhou Giga Solar Materials Corporation | 0 | 0 | 0 | 100.00% | 0 | 100.00% |
| Whole Sun Green Power Co., Ltd. | 126,516,924 | 100.00% | 0 | 0 | 126,516,924 | 100.00% |
| Eiwa Electric Power Co., Inc. | 0 | 0 | 0 | 100.00% | 0 | 100.00% |
| Wisdom Field Limited(Samoa) | 0 | 0 | 37,110,000 | 100.00% | 37,110,000 | 100.00% |
| Hua Hsu Silicon Materials Co., Ltd. | 41,500,972 | 34.03% | 4,260,000 | 3.49% | 45,760,972 | 34.93% |
| Yancheng Giga Solar Materials Corporation | 0 | 0 | 0 | 100.00% | 0 | 100.00% |
| Giga Diamond Materials Corp.(Seychelles) | 0 | 0 | 21,200,000 | 100.00% | 21,200,000 | 100.00% |
| Yancheng Giga Diamond Materials Corporation | 0 | 0 | 0 | 100.00% | 0 | 100.00% |
| Merchant Energy Pte. Ltd.(Singapore) | 0 | 0 | 28,100,000 | 87.00% | 28,100,000 | 87.00% |

Note: investment by the Company using the Equity Method.

Four. Fundraising Overview

I. Capital and shares

(I) Source of share capital

Unit: NTD thousand/Thousand shares; April 9, 2024

| Month Year | Issuing price | Authorized share capital | | Paid-in share capital | | Remarks | | |
|------------------|------------------|--------------------------|-----------|-----------------------|---------|--|----------------------------------|--|
| | | Number of Shares | Amount | Number of Shares | Amount | Source of share capital | Property other than cash paid | Others |
| June 2010 | 10 | 50,000 | 500,000 | 30,658 | 306,587 | Earnings and employee dividends as capital increase | None | June 17, 2010; Letter No. Jing-Shou-Zhong-Zi 09932180510 |
| December 2000 | 500 | 50,000 | 500,000 | 33,942 | 339,427 | Cash capital increase | None | December 02, 2010; Letter No. Jing-Shou-Zhong-Zi 09932901360 |
| June 2011 | 10 | 50,000 | 500,000 | 44,125 | 441,255 | Stock dividends of common stock | None | June 22, 2011; Letter No. Jing-Guan-Cheng-Fa-Zi 1000028592 July 28, 2011; Letter No. Jing-Shou-Zhong-Zi 10032312060 |
| June 2013 | 10 | 100,000 | 1,000,000 | 50,744 | 507,443 | Stock dividends of common stock | None | June 26, 2013; Letter No. Jing-Guan-Cheng-Fa-Zi 1020024552 August 7, 2013; Letter No. Jing-Shou-Shang-Zi 10201161400 |
| July 2014 | 10 | 100,000 | 1,000,000 | 60,893 | 608,932 | Stock dividends of common stock | None | July 1, 2014; Letter No. Jing-Guan-Cheng-Fa-Zi 1030024856 August 22, 2014; Letter No. Jing-Shou-Shang-Zi 10301173430 |
| March 2016 | 10 | 100,000 | 1,000,000 | 60,982 | 609,821 | Ordinary shares exchanged from convertible bonds | None | March 14, 2016; Letter No. Jing-Shou-Shang-Zi 10501048680 |
| May 2016 | 10 | 100,000 | 1,000,000 | 60,989 | 609,890 | Ordinary shares exchanged from convertible bonds | None | May 31, 2016; Letter No. Jing-Shou-Shang-Zi 10501116680 |
| August 2019 | 93.06 | 100,000 | 1,000,000 | 63,675 | 636,750 | Private placement of cash capital increase of 2,686 thousand shares | None | |
| December 2020 | 10 | 100,000 | 1,000,000 | 65,883 | 658,834 | Issued new shares and merged Exojet | None | November 23, 2020; Letter No. Jing-Guan-Cheng-Fa-Zi 1090373516 February 4, 2021; Letter No. Jing-Shou-Shang-Zi 11001020160 |
| January 2021 | 10 | 100,000 | 1,000,000 | 65,883 | 658,834 | Convertible bonds exchanged into 432 ordinary shares | None | June 11, 2021, approved by Letter No. Jing-Shou-Shang-Zi 11001092330 |
| August 2021 | 124.4 | 100,000 | 1,000,000 | 75,883 | 758,834 | Private placement of cash capital increase of 10,000 thousand shares | None | |
| August 2022 | 115 | 100,000 | 1,000,000 | 91,883 | 981,883 | Cash capital increase | None | October 3, 2022, Jing-Shou-Zi Letter No. 11101185570 |

April 9, 2024

| Type of shares | Authorized share capital | | | Remarks |
|-------------------|---------------------------|------------------------|-------------|--------------------------------------|
| | Outstanding share capital | Unissued share capital | Total | |
| Ordinary shares | 79,197,420 | 58,116,580 | 150,000,000 | The Company's stocks are TPEX listed |
| Private placement | 12,686,000 | 0 | | |

(II) Shareholder structure

April 9, 2024

| Shareholder structure Quantity | Governmental institutions | Financial institutions | Other juristic persons | Individuals | Foreign institutions or individuals | Total |
|-----------------------------------|---------------------------|------------------------|------------------------|-------------|-------------------------------------|------------|
| Number of people | 0 | 12 | 52 | 11,757 | 60 | 11,881 |
| Number of shares held | 0 | 1,196,075 | 51,758,347 | 35,503,514 | 3,425,484 | 91,883,420 |
| Shareholding (%) | 0 | 1.30% | 56.33% | 38.64% | 3.73% | 100.00% |

(III) Ownership diversification (par value NT\$10 per share)

April 9, 2024

| Shareholding range | Number of shareholders | Number of shares held | Shareholding (%) |
|----------------------|------------------------|-----------------------|------------------|
| 1 to 999 | 4,285 | 519,667 | 0.57 |
| 1,000 to 5,000 | 6,387 | 11,763,483 | 12.80 |
| 5,001 to 10,000 | 611 | 4,585,247 | 4.99 |
| 10,001 to 15,000 | 218 | 2,699,836 | 2.94 |
| 15,001 to 20,000 | 105 | 1,894,477 | 2.06 |
| 20,001 to 30,000 | 96 | 2,397,497 | 2.61 |
| 30,001 to 40,000 | 46 | 1,578,323 | 1.72 |
| 40,001 to 50,000 | 21 | 948,706 | 1.03 |
| 50,001 to 100,000 | 59 | 3,852,475 | 4.19 |
| 100,001 to 200,000 | 28 | 3,945,953 | 4.29 |
| 200,001 to 400,000 | 14 | 3,611,825 | 3.93 |
| 400,001 to 600,000 | 5 | 2,471,183 | 2.69 |
| 600,001 to 800,000 | 1 | 687,000 | 0.75 |
| 800,001 to 1,000,000 | 1 | 900,000 | 0.98 |
| More than 1,000,001 | 4 | 50,027,748 | 54.45 |
| Total | 11,881 | 91,883,420 | 100.00% |

(IV) List of major shareholders

April 9, 2024

| Name of major shareholder | Shares | Number of shares held | Shareholding (%) |
|---|--------|-----------------------|------------------|
| Gigastorage Corporation | | 34,982,909 | 38.07 |
| Hong-Yang Venture Capital Co., Ltd. | | 9,265,098 | 10.08 |
| Sincere Holding Company | | 4,686,000 | 5.10 |
| Han Hsin Investment Corp. | | 1,093,741 | 1.19 |
| Lin Yu-Ye | | 900,000 | 0.98 |
| Tang Hong-De | | 687,000 | 0.75 |
| Tseng Chun-Sheng | | 550,000 | 0.60 |
| Mizuho Securities Investment Account held in custody by Standard Chartered International Commercial Bank | | 549,000 | 0.60 |
| JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds | | 480,916 | 0.52 |
| Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds | | 477,152 | 0.52 |

(V) Market price, net worth, earnings and dividends per share and related information for the most recent two years:

Unit: NT\$

| Item | | Year | 2022 | 2023 | The current year as of March 31, 2024 (Note 8) |
|----------------------------|-----------------------------------|------|--------------------------|--------------------------|--|
| Market price per share | Highest | | 219.5 | 124 | 126 |
| | Lowest | | 94.5 | 75.6 | 88.2 |
| | Average | | 150.29 | 102.12 | 109.28 |
| Net value per share | Before distribution | | 82.58 | 72.26 | Not applicable |
| | After distribution | | (Note 9) | (Note 9) | Not applicable |
| Earnings per share | Average weighted number of shares | | 80,662 (thousand shares) | 80,662 (thousand shares) | Not applicable |
| | Earnings per share | | (6.14) | (8.82) | Not applicable |
| Dividends per share | Cash dividends | | - | - | Not applicable |
| | Free-gratis dividends | - | - | - | Not applicable |
| | | - | - | - | Not applicable |
| | Retained dividends | | - | - | Not applicable |
| Investment reward analysis | Price to earnings ratio | | - | - | Not applicable |
| | Price to dividend ratio | | - | - | Not applicable |
| | Cash dividend yield | | - | - | Not applicable |

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: Set forth the highest and lowest market prices per common share for each year, and calculate each year's average market price based upon that year's transaction value and transaction volume.

Note 2: Use the number of issued shares at year end as the basis and fill in data according to the distribution as resolved in the Board or shareholders' meeting in the next year.

Note 3: If retroactive adjustment is required due to stock grants or other reasons, disclose earnings per share before and after such adjustment.

Note 4: In the issuance conditions of equity securities allows dividends not distributed in the current fiscal year to be retained until a later year having earnings, disclose retained dividends of as of the current fiscal year respectively.

Note 5: Price to earnings ratio = average closing price per share of the current fiscal year / Earnings per share.

Note 6: Price to dividend ratio = average closing price per share of the current fiscal year / cash dividends per share.

Note 7: Cash dividends yield rate = cash dividends per share / average closing price per share of the current fiscal year.

Note 8: For the fields of net value per share and earnings per share, data filled in shall be the data updated to the most recent quarter as of the date of printing of this annual report and audited (reviewed) by accountants. As of the date of printing of this annual report, the Company's quarter report for Q1 2024 has not been reviewed by accountants yet.

Note 9: Resolution of the shareholders' meeting remains not available as of the date of printing of this annual report.

(VI) Dividend policy and implementation thereof

1. The dividend policy as set forth in the Company's Articles of Incorporation provides that:

The earnings, if any, are distributed in the following order:

- I. Completion of tax payments in accordance with the law.
- II. Compensation for past losses.
- III. Ten percent is to be contributed as statutory surplus reserve, but this shall not apply if the statutory surplus reserve has reached the total amount of the capital.
- IV. Special reserve is allocated or reversed in accordance with the law or regulations of the authority when necessary;
- V. With respect to the balance and the accumulated undistributed surplus of the previous year as shareholders' stock and cash dividends, the board proposes a profit distribution to the shareholders' meeting for resolution. The shareholder's bonus shall not be less than 30%. The Company is currently growing. As a means to keep in line with the capital planning and meet the shareholders' demand for cash flow, the percentage of cash dividends paid for the year may not be less than 10% of the total amount of cash and stock dividends.

2. Distribution dividends is to be discussed in this shareholders' meeting:

The Company's Board of Directors passed a resolution on March 28, 2024 that the net loss after tax of 2023 is NT\$810,575,601, plus distributable earnings at the beginning of the period of NT\$300,439,277 and other adjustments of NT\$4,747,278. The loss to be compensated at the end of the period is NT\$514,883,602, and the statutory surplus reserve was used to make up for the loss of NT\$514,883,602.

In accordance with the provisions set forth in Article 24-1 of the Company's Articles of Incorporation, no distribution will be made for the current fiscal year as shareholders bonus, employees compensation and Directors compensation.

(VII) The impact of distributions of bonus shares resolved by the shareholders' meeting of this year on the company's operating performance and earnings per share: Not applicable.

(VIII) Compensation for employees and directors

1. Percentages and ranges of compensation for employees and directors as provided in Articles of Incorporation:

Distribution of directors' compensation is subject to the provisions set forth in Article 24-1 of the Company's Articles of Incorporation:

If the Company has made profits within a fiscal year, an amount equal to more than 6% and less than 15% of the profits shall be reserved as the employees' compensation, and an amount equal to not more than 3% as the directors' compensation. However, accumulated losses, if any, of the Company shall first be deducted and distribution shall be made from the remaining balance.

Remuneration to employees in the form of stock or cash may be paid to employees of subsidiaries of the Company meeting certain specific requirements, which are authorized to be determined by the Board of Directors.

Matters in relation to remuneration to employees and remuneration to directors are subject to the applicable laws and regulations and are determined by the Board of Directors.

2. The basis for estimating the amount of employee, director, and supervisor profit-sharing compensation, for calculating the number of shares to be distributed as employee profit-sharing compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

- (1) The amount of employee and director profit-sharing compensation is estimated based on the percentages and ranges provided in the Company's Articles of Incorporation with reference to an empirical estimation, yet the Company's Board has resolved on March 28, 2024 that no employee and director profit-sharing compensation is distributed for the fiscal year 2023.
 - (2) No distribution of the Company's share bonus was made for the fiscal year 2022.
 - (3) If the estimated amount is different from the actually distributed amount, the difference will be incorporated into the profit(loss) of the next year.
3. Information on any approval by the board of directors of distribution of profit-sharing compensation:
 - (1) The amount of any employee profit-sharing compensation and director and supervisor profit-sharing compensation distributed in cash or stocks. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

As resolved by the Company's Board on March 28, 2024, no distribution for employee and directors' compensation is made for the fiscal year 2023.
 - (2) The amount of any employee profit-sharing compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee profit-sharing compensation: None.
4. The actual distribution of employee and director profit-sharing compensation for the previous fiscal year, and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor profit-sharing compensation, additionally the discrepancy, cause, and how it is treated:

Due to a deficit, the Company did not distribute any employees' remuneration and directors' remuneration in 2022 and 2023. There is no difference.

(IX) Status of the company repurchasing its own shares: None.

II. Corporate bond handling of:

January 31, 2023

| | | |
|---|---|--|
| Type of bonds | | Domestic 2nd unsecured convertible bonds |
| Date of issuance (handling) | | January 25, 2018 |
| Face value | | NT\$100,000 |
| Place of issuance and trade | | Republic of China |
| Issuing price | | Full face value |
| Total amount | | NT\$2,000,000,000 |
| Rate | | Coupon Rate 0% |
| Term | | Five year term; Maturity date: January 25, 2023 |
| Guarantor | | Not applicable |
| Trustee | | Bank SinoPac Co., Ltd. |
| Underwriter | | Yuanta Securities Co., Ltd. |
| Certification lawyer | | Lawyer Chiu Ya-Wen |
| CPA | | Ernst & Young Taiwan |
| Method of repayment | | Unless the bond holder converts the bonds into the Company’s ordinary shares in accordance with Article 10 of the Rules for Conversion or exercises its put right in accordance with Article 19 of the Rules for Conversion, or redeems the bonds early in accordance with Article 18 of the Rules for Conversion, or the Company purchase back the bonds from the security firm’s business premises for retirement, the Company will repay with a single payment in cash at the bonds face value. |
| Unpaid principal balance | | NT\$0 |
| Terms of redemption or prepayment | | Refer to the rules for issuance and conversion of the Company’s domestic second unbonded convertible bonds. |
| Restrictions | | |
| Name of credit rating agency, date of rating, Corporate bond rating results | | No |
| Other rights attached | The amount of converted (exchanged or subscribed) ordinary shares, overseas depository receipts or other marketable securities as of the date of printing of this annual report | NT\$100,000 |
| | Rules for issuance and conversion (exchange or subscription) | Refer to the rules for issuance and conversion of the Company’s domestic second unbonded convertible bonds. |
| Rules for issuance and conversion, exchange or subscription Possible dilution of the shareholding by the terms and conditions of the offering, and Impact on existing shareholders' equity | | The bonds became mature on January 25, 2023 along with termination of OTC trading, and repayment of the principle was made on February 8, 2023. |
| Name of custodian of underlying shares | | None |

Information on convertible bonds

January 25, 2023

| Type of bonds | | Domestic second issue (term) Unsecured convertible bonds | |
|--|-----------------------------------|--|--|
| Year | | 2022 | The current year as of January 25, 2023 |
| Item | Market price of convertible bonds | | |
| | Highest | 110.00 | 99.00 |
| | Lowest | 97.50 | 99.85 |
| | Average | 100.01 | 99.85 |
| Conversion price | | 210.65 | 210.65 |
| Date of issuance (handling) and Conversion price upon issuance | | Date of issuance: January 25, 2018 Conversion price upon issuance: 253.31 | |
| Method of performing conversion | | The Company will fulfill its obligation of conversion by issuing new shares. | |

III. Handling of preferred stocks: None

IV. Handling of overseas depository receipts: None

V. Handling of employees' stock option certificates: None

VI. Handling of new restricted stock award shares issued to employees: None

VII. Handling of new stocks issued due to merger or acquisition of other companies: None

VIII. Implementation of capital utilization plan

- (I) The Company issued domestic second unsecured convertible bond in the fiscal year 2017

The corporate bond program was successfully completed and its beneficial effects have emerged. The bonds became mature on January 25, 2023 along with termination of OTC trading, and repayment of the principle was made on February 8, 2023.

- (II) Private placements of securities in 2019

The program was successfully completed and its beneficial effects have emerged.

- (III) Private placements of securities in 2020

The program was successfully completed and its beneficial effects have emerged.

- (IV) Issuance of new shares for cash capital increase in 2022

As of the quarter before printing of this annual report, the program was successfully completed and its beneficial effects have emerged.

Five. Operation Overview

I. Business summary

(I) Business scope

1. Major lines of business

The Company's consolidated revenue mainly comes from manufacturing and sale of: silver paste for solar cells; silver paste for terminal electrodes of passive components; and Si anode material for lithium-ion batteries, with the detailed business items listed below:

- (1) C805050 Industrial Plastic Products Manufacturing.
- (2) CC01080 Electronics Components Manufacturing.
- (3) F119010 Wholesale of Electronic Materials.
- (4) F219010 Retail Sale of Electronic Materials
- (5) F401010 International Trade.
- (6) C801990 Other Chemical Materials Manufacturing.
- (7) C805990 Other Plastic Products Manufacturing.
- (8) D101040 Non-Public Electric Power Generation.

2. Relative weight of each business line

| Item \ Year | 2022 | 2023 |
|------------------------|----------------|----------------|
| | Percentage (%) | Percentage (%) |
| Solar conductive paste | 59.92 | 80.22 |
| Others | 40.08 | 19.78 |
| Total | 100.00% | 100.00% |

3. Current principal business and products to manufacture and sell

- (1) Silver paste for solar cells is an electrode material featuring high conductivity and can be extensively used in front contact electrodes, back contact electrodes, and connecting lines of solar cells.
- (2) Silver paste for terminal electrodes of passive components is a high-performance, conductive, adhesive material, and is now mainly used in terminals of passive components (such as resistors and capacitors) with the benefits of improving the components in terms of conductivity and reliability.
- (3) Si anode material for lithium-ion batteries is a high-performance material for making negative poles, and mainly used to produce lithium-ion batteries. It

features high specific capacity, high cycle stability, low expansion, and good safety, thus being helpful to increase energy density and service life of lithium-ion batteries.

4. New products planned for development

(1) Improvements of current products in thinning, conductivity, and other properties.

(2) Materials for fuel batteries.

(3) Materials for semiconductor-related sectors.

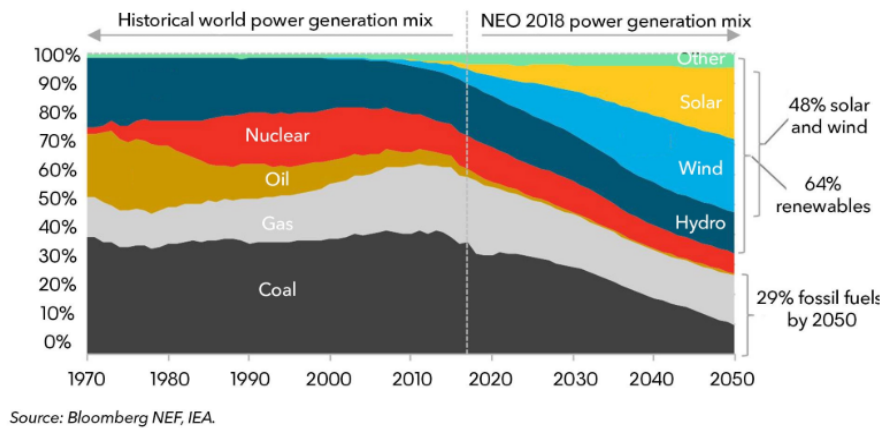
(II) Industry overview

(1) Current situation and development of the industry

Currently, staple sources of renewable energy are solar power, hydraulic power, wind power, and biomass energy. Among these, sunlight is the most desirable as it is inexhaustible, almost available everywhere, and completely free from pollution. Taiwan, as the world's second largest solar cell manufacturer, has developed a complete, integrated, and efficient supply chain, and its solar products are extensively recognized for great safety and usability. All these factors make solar power the most promising renewable energy industry. Some insights into the current situation and development of the solar photovoltaic market are given below:

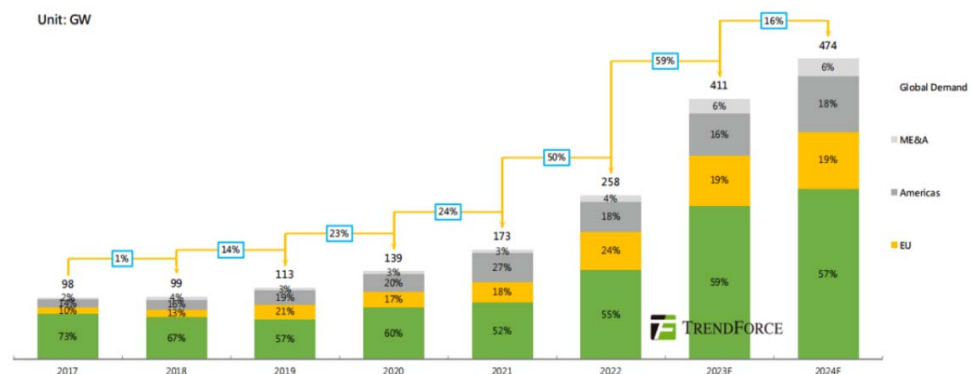
① Current situation of the global solar cell industry

Arguably, we may have a sense on how a government values renewable energy by looking to the weight of solar power with respect to other sources of renewable energy. With the global trend toward energy saving and emission reduction, governments all over the world have become more favorable to the solar photovoltaic industry and are rolling out more subsidy policies. This leads to an even more dominant position of solar power among all renewable energy sources, and presages an increasing rise in solar demands. According to BloombergNEF, benefiting from cost decrease of solar power, wind power, cell production, solar power and wind power are expected to account for 50% of total electricity around the world by 2050.



Over the past two years, with the wave of global energy structure transformation, the photovoltaic industry has flourished, with its industry scale and installation speed continually setting new highs. According to TrendForce's estimation, by 2024, the global newly added photovoltaic installed capacity's neutral expectation is 474GW, a year-on-year increase of 16%.

Analyzing the four major regional markets, the demand for installations in Asia and Europe has entered an adjustment phase, but still maintains steady growth. The demand for installations in the U.S. market has significantly warmed up, which will drive the entire American market to maintain a relatively high growth rate. In the Middle East and Africa region, due to the accelerated promotion of energy transition strategies, coupled with the fall in component prices, the construction progress of large-scale photovoltaic ground power stations in areas such as Saudi Arabia and the United Arab Emirates has significantly accelerated. In terms of sub-markets, Chile, Saudi Arabia, and Turkey have particularly impressive growth rates.



② Current situation of the solar cell industry in Taiwan

The solar power and energy storage market in 2024 is looking optimistic. The operators believe that the overall demand will start to pick

up after the election. It is expected that we will see the completion of the grid-connected energy storage system built this year. With the deadline approaching, a wave of applicants who fail to successfully complete building grid-connected systems will withdraw from the market, making the market conditions clearer. As for the solar projects, construction is expected to resume in Q2 after the election, with some projects expected to complete by the end of 2023 for taking in orders. Consequently, solar energy demand is expected to grow significantly in the second half of the year. Overall, the growth of demand for both solar power and energy storage in the market is anticipated in 2024.

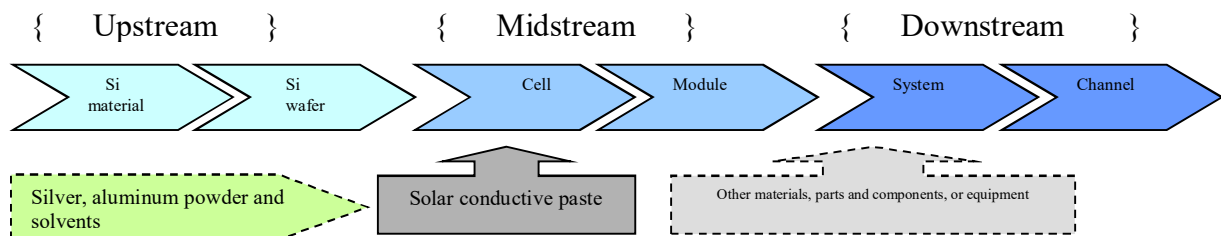
| Month Year | Device capacity | Renewable energy | Solar photovoltaic | Conventional hydraulic power | Wind power | Others |
|---|-----------------|------------------|--------------------|------------------------------|------------|--------|
| Capacity of power generating devices (kW) | | | | | | |
| 2019年 | 56,136 | 7,796 | 4,150 | 2,092 | 845 | 709 |
| 2020年 | 57,820 | 9,564 | 5,817 | 2,093 | 937 | 716 |
| 2021年 | 59,375 | 11,585 | 7,700 | 2,094 | 1,062 | 728 |
| October 2022 | 61,193 | 13,382 | 9,157 | 2,094 | 1,402 | 729 |
| Year on Year (%) | | | | | | |
| 2019年 | 6.6 | 24.6 | 51.5 | 0.0 | 18.5 | -0.5 |
| 2020年 | 3.0 | 22.7 | 40.2 | 0.0 | 10.9 | 1.0 |
| 2021年 | 2.7 | 21.1 | 32.4 | 0.0 | 13.3 | 1.7 |
| October 2022 | 2.4 | 21.9 | 28.7 | 0.0 | 33.7 | 0.4 |
| Share in all power sources (%) | | | | | | |
| 2019年 | 100.0 | 13.9 | 7.4 | 3.7 | 1.5 | 1.3 |
| 2020年 | 100.0 | 16.5 | 10.1 | 3.6 | 1.6 | 1.2 |
| 2021年 | 100.0 | 19.5 | 13.0 | 3.5 | 1.8 | 1.2 |
| October 2022 | 100.0 | 21.9 | 15.0 | 3.4 | 2.3 | 1.2 |
| all renewable energy sources (%) | | | | | | |
| 2019年 | -- | 100.0 | 53.2 | 26.8 | 10.8 | 9.1 |
| 2020年 | -- | 100.0 | 60.8 | 21.9 | 9.8 | 7.5 |
| 2021年 | -- | 100.0 | 66.5 | 18.1 | 9.2 | 6.3 |
| October 2022 | -- | 100.0 | 68.4 | 15.6 | 10.5 | 5.5 |

Source: Bureau of Energy, Ministry of Economic Affairs

(2) Relation of up-, mid-, and downstream in the industry

The Company's core product is solar paste, which is a key component for making crystalline silicon solar cells. We act in the wafer-based solar cell industry chain as a mid-stream material supplier, and work with up- and downstream partners as shown in the chart:

Image. Relation chart of up-, mid-, and downstream along production of crystalline silicon solar cells



As shown, the supply chain of the solar photovoltaic industry includes, at the upstream, poly-silicon material manufacturers; wafer makers who smelts the Si material in a crystal growth furnace, pull/culture it into silicon ingots, precisely slice the ingots, polishes the slices into silicon wafers; at the midstream,

solar cell manufacturer; and module packaging factories; and at the downstream, system designers and constructors. A more comprehensive supply system further include manufacturers who produce solar cell and module manufacturing equipment, system peripherals, and related materials. The whole solar industry chain is so integrated, with dealers at the upstream and the downstream interconnected, forming an inseparable, integral industry.

(3) Development trends and competition of products

A. Trend in solar sector:

- ① As the previous choking predicament of Si-based material supply has gone, it is expected that when stock pressure is preserved at all links along industry chain in 2023, the prices of Si-based materials will start to become steadily, in turn stimulating installation demand.
- ② Supply of high-purity quartz sand is becoming tighter, and is likely to take place of Si-based materials as a new bottleneck to effective capacity of Si wafers, leading to increased wafer costs.
- ③ Tightness of large-size PERC cell supply may persist. It is estimated that capacity expansion in 2024 will only be seen in N-type cells, while production capacity of PERC stagnates. Nevertheless, the supply-demand balance for large-size PERC cells is likely to turn tight and the actual output and order visibility of TOPCON cells are core concerns.

B. Keep accentuating development of solar products:

- ① Enhancing conversion efficiency: currently, a solar cell is priced according to its power-generating capacity in watts. In other words, price levels of individual solar cells are determined by conversion efficiency, which is therefore a key indicator for solar cell makers to assess their technological positions.

Thinning of front-side lead electrode for solar cells helps enlarge the illuminated area at the front side of solar cells, which leads to increased incident intensity and effective collection of carriers, eventually contributing to the photovoltaic effect, achieving large current density, and providing good solar-cell efficiency. To the end, the area shielded by metal lines from incident light is desired to minimize. However, issues incurred by thinning such as high resistance and broken lines during sintering need to be addressed by further development. Various paste products (aluminum paste/front-side silver/back-side silver), when applied to high-efficiency Si wafers, are proven favorable to high conversion efficiency, depending on their compositions and properties.

(4) Competition among products

The Company has been dedicated to research and development of materials and new energy sources, with R&D strength particularly in material, organic polymer, chemical technology, and cell materials. The Company has participated in development programs supported by Ministry of Economic

Affairs for developing solar cell paste since 2007. With verification from some of the world's leading cell makers and or continuous efforts, the Company has mastered mass production of excellent paste products, and made itself a Top-4 paste manufacturer in the global market.

Currently, the Company's development efforts are mainly focused on solar front-side silver paste. The paste market is now dominated by China makers, who have a combined market share of 50%. The Company has long invested in R&D so that its front-side silver paste products can have ongoing and stable improvements in both efficiency and quality. In addition to solar paste, new energy material is the Company's another development area in 2022. As EV (electric vehicle) is one of the most promising industries today, car makers are going all out to grasp post-pandemic opportunities. The Company also wants to keep up with the bold and strong EV momentum to expand our business horizon. Following the rapid pace of ever-changing specifications of solar and electronic products, the Company will have an increasingly diverse product layout.

(III) Overview of technology and R&D

(1) Skill levels and R&D of company's business

The Company is focused on solar paste products, with a core advantage lying in customized designs underlined by exclusive material formulas. The skill levels involved are: organic chemistry, inorganic materials, electromechanical science, fine-line printing, matching for high temperature co-firing, heterogeneity-based chemical reactions, etc. For different doping elements and doping concentrations, passivation layer forms and thicknesses, the optimal glass-silver powder composition has been developed to achieve the optimal sintering curve, complete the optimal interface contact, and realize the optimal photoelectric conversion efficiency of the solar cell

Energy storage represents a critical complementary technology for green power generation to excel in share, and one of the core technologies that drive EVs; The Company has long development history in high-capacity, long-cycle anode materials and fast charging/discharging, including pure Si, Si-C, Si-O, power battery graphite, and water-based adhesive since 2017. In 2019 we commenced pilot production and accomplish mass production in 2021, with Si-O, water-based adhesive, and power battery graphite reaching annual production capacity of 100 tons, 50 tons, and 1,000 tons, respectively. core technologies mainly include powder high temperature and grinding

processes, surface modification of organic and inorganic materials, polymer synthesis, powder and battery inspection technologies. The research and development direction is to improve battery slurry operability, cycle life, fast charging and discharging characteristics, etc. according to customer demands, and to improve battery performance year by year.

The Company has gained several power and energy storage clients. Our water-based adhesive is able to accomplish more than 2500 deep cycles in a full-cell system of graphite and lithium iron phosphate, with the cell capacity staying above 80%. Besides this, its fast charge/discharge is 0.5C–1C faster than competing products, meaning that we lead our competitors by one to two generations. For the silicon oxide with a designed capacity of 550mAh/g, when configured with a ternary positive electrode into a 21700 battery, the cycle life can reach more than 950 cycles at 80% retention. As for the power-type graphite, it can maintain more than 85% retention after cycling over 2000 cycles under 10C charging and discharging conditions

(2) R&D staff and Education & Experiences thereof

As of March 31, 2024, the number of R&D staff serving at the Company and its subsidiaries is 93, wherein the ratio of employees with a master or higher educational background to total R&D staff is close to 3.5%, and the Staff's educational backgrounds are distributed as below:

| Item/Year | | End of 2022 | | End of 2023 | | Up to end of March in 2024 | | Average seniority in the Company (years) |
|--|--|------------------|---------|------------------|---------|----------------------------|---------|--|
| | | Number of people | Ratio % | Number of people | Ratio % | Number of people | Ratio % | |
| Distribution of Educational Background | Doctorate | 8 | 9.00% | 8 | 8.60% | 6 | 6.45% | 10.27 |
| | Master's | 28 | 30.00% | 25 | 26.88% | 27 | 29.03% | 6.94 |
| | Bachelor's (incl. graduates from colleges) | 48 | 52.00% | 46 | 49.46% | 45 | 48.39% | 11.27 |
| | Below university | 8 | 9.00% | 14 | 15.05% | 15 | 16.13% | 12.76 |
| | Total | 92 | 100.00% | 93 | 100.00% | 93 | 100.00% | - |
| Average seniority (years) | | 10.34 | | 10.28 | | 10.19 | | - |

(3) Annual R&D expenses for the most recent year

Unit: NTD thousand

| Item \ Year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-----------|-----------|-----------|-----------|-----------|
| R&D expenses | 224,008 | 260,729 | 296,402 | 305,606 | 314,157 |
| Net operating revenue | 7,875,926 | 8,834,835 | 7,632,452 | 5,654,845 | 2,958,411 |
| Ratio of research and development expenses to net revenue | 2.84% | 2.95% | 3.88% | 5.40% | 10.62% |

(4) Success of development in technologies or products

Examples of successful products the Company developed in the most recent five fiscal years are:

| Year | Specific R&D results |
|------|---|
| 2019 | Rear passivation, PERC aluminum paste L220S Bifacial, rear passivation PERC aluminum paste L280B Bifacial, rear passivation PERC back side silver paste L317L Selective emitter front-side silver paste 660C-F Non-fire-through front side weld electrode 530G-A N-type PERT/Topcon front side paste material NP23A Chip resistor electrode silver glue Chip glass protect glue Si-SiO high-capacity anode material |
| 2020 | Bifacial, rear passivation PERC aluminum paste L280B Selective emitter front-side silver paste 660C-F Non-fire-through front side weld electrode 530G-T N-type PERT/Topcon front side paste material NP24A HJT/IBC electrode silver glue J380/J390 LTCC inner electrode silver glue Filling silver glue for passive components Anode active material adhesive Pure Si-O high-capacity anode material |
| 2021 | Bifacial rear passivation PERC aluminum paste L280C Selective emitter front-side silver paste 660G N-type PERT/Topcon front side paste material NP24B N-type PERT/Topcon back side paste material NK24A HJT thin-grid electrode silver glue J380C passive component inner electrode Cu adhesive Filling silver glue for passive components |

| Year | Specific R&D results |
|------|--|
| | Anode active material adhesive TM/TS Pure Si-O high-capacity anode material |
| 2022 | MWT filling silver paste M800 N-type Topcon weld electrode paste material 530N HJT thin-grid electrode silver glue J380C passive component inner electrode Cu adhesive Filling silver glue for passive components Power battery graphite anode material G58 series Prelithiation Si-O high-capacity anode material |
| 2023 | N-type Topcon front-side weld electrode paste material 530F N-type Topcon Front Fine Grid Line Electrode Paste 920 N-type Topcon back-side weld electrode paste material 530R N-type Topcon Back Fine Grid Line Electrode Paste 960 |

(5) Specific measures for improvement of R&D competitiveness

The Company's R&D ability and specific measures for helping maintain R&D competitiveness and future strengthen R&D ability are described below:

- ① Continue to recruit new graduates according to the annual plan requirements to supplement the R&D manpower and increase the number of positions.
- ② Our R&D expenses has stayed at a relatively high level. The R&D expenses in the fiscal year 2023 summing up to NT\$308,442 thousand, and for 2024, the amount is estimated to be about NT\$330,000 thousand.
- ③ Our equipment has been renewed gradually every year. In addition to follow our cell manufacturer customers to equip ourselves by acquiring comparable apparatus like Maxwitech's screen printing machines (compatible to 210mm), Maxwitech' sintering furnaces (compatible to 210mm), HAM photovoltaic simulators (compatible to 210mm), photoluminescence detectors, reflection detectors, and sheet resistance meters, we have also bought sophisticated analysis equipment, such as SEMs (scanning electron microscopes) and EDX (Energy dispersive X-ray spectrometers) for accurate and precise analysis results.

In order to make refine our paste materials, the Company also furnished ourselves with manufacturing equipment for glass powder, such as Jet-mills and precise cyclone separators that further concentrate sizes of glass grains, thereby improving paste materials in terms of both quality and stability.

Continuous investment in process improvement and optimization for mass

production equipment of energy storage materials. In addition to purchasing and selling competitive products and consumables on the market, we are also continuously developing new processes: Vapor-phase carbon coating, homogeneous dispersion, silane deposition, crushing and grading equipment; increasing analytical capacity: Charge/discharge machines, in-situ expansion meters, soft-pack full battery optimization equipment and fixtures, etc., to make battery measurement more accurate and efficient. This allows us to understand the impact of material manufacturing variables, making our products more competitive.

- ④In the future, we will keep working with universities and graduate institutes to culture talent and technology, securing strong R&D ability.

(6) Future R&D directions

- ①Evolution of advanced manufacturing processes of solar cells features diversification, whether it is about a P-type monocrystalline high-efficiency rear passivation PERC cell, or an N-type high-efficiency IBC, or a Topcon, or an HJT. The Company has aimed its future R&D efforts at, in addition to ongoing improvements in thinning and conductivity, development of various paste materials to be used with advanced solar cell technologies. The products to develop and related schedules are summarized below. On the basis of crystalline silicon solar cell paste materials that we have masters, we now expand our scope vertically to develop special materials for paste and horizontally probe into materials important for the future of the energy saving industry.

Products to R&D are listed in table below:

| R&D areas | Planned R&D topics |
|--|--|
| Silver paste for back side of solar cells | As stated, rear passivation PERC manufacturing processes have become a trend around P-type cells. Good back-side silver for PERCs can improve conversion efficiency by 0.03–0.08% as it reduces damage to the rear passivation layer. On the other hand, less erosion to the passivation layer can lead to decreased welding tension. In view that there are pressing needs in the industry for back-side silver paste of high efficiency yet supporting satisfying welding tension, our prior R&D target will be improvement of rear passivation PERC back-side silver in efficiency and welding tension, making us remain competitive. |
| Silver paste for front side of solar cells | PERC rear passivation manufacturing processes have become a trend around P-type cells. Therein, selective emitters (SE) represents a key technology for enhancing |

| R&D areas | Planned R&D topics |
|-------------------------------------|---|
| | cell efficiency. It uses laser beams to heat and enable local heavy doping. High-resistance dense composite screens represent an even more effective way to enhance efficiency. As front-side silver paste is the Company's main revenue, to compete with the fast technical innovations and various advanced front-side silver paste materials on the market, our R&D team is concentrated on printing requirements about thinning, thereby safeguarding the Company's market share of solar cell front-side silver paste products. |
| N-type HJT silver paste | Silver-copper composite HJT conductive paste is currently a relatively leading technology in terms of efficiency for silicon crystalline solar cells. With cost reductions, the production cost has narrowed compared to Topcon cells, which greatly benefits the proliferation of HJT technology. |
| Silver paste for N-type PERT/Topcon | The process technology for N-type Topcon and P-type cells is highly similar. Due to the stacking of advanced technologies, the efficiency can be increased by more than 2.0%, differentiating it from the mass production technology of PERC products. Major customers have started investing heavily in mass production. The R&D continues to progress on the front-side fine-line NP/back-side fine-line NK paste technology, officially renamed to the 920/960 process. In the development of high-efficiency cell paste technology, we lead the industry. |
| Conductive paste for BC cells | Back contact (BC) solar cells have a maximized front light-receiving area, which is the ultimate design for high-efficiency cells. With the evolution of cell manufacturing technology, BC cells have pushed the photoelectric conversion efficiency to over 26.5%. As the process technology improves and the yield increases, BC cell technology and Topcon technology have become the two mainstream technologies in the market. The Company's N-region paste has been verified by major cell manufacturers, and this year, it has the opportunity to become another major shipping product in addition to Topcon paste. |
| Specialty paste materials | As technical development of paste materials for passive component has turned mature, various silver paste products and glass protective glue products are well prepared for shipment. With the influx of Exojet's customer base in 2020, the Company's reaped a more comprehensive portfolio of customer collaboration in 2021. In particular, some collaborative R&D projects for specific paste materials, such as Ni, Cu-Ni, Vu, and Sg-Cu, were implemented with some international |

| R&D areas | Planned R&D topics |
|-----------|--------------------|
| | material dealers. |

②From mobile phones, computers, and wearables, to electric bicycles, new-energy cars, and green energy, lithium cells can be seen almost everywhere. Particularly, new type lithium cells have vigorous growth mainly in virtue of the fast expansion of new-energy cars and energy storage devices. ②.

Improving the cycle life and fast charging/discharging performance of lithium-ion battery anode materials, including pure silicon, silicon-carbon, silicon oxide, power battery graphite, and aqueous binders, has always been the direction of Showa Denko's efforts. We independently develop special raw materials and processes, and can also optimize costs through process adjustments and control. Starting from 2017, the Company entered the market, provided trial production products in 2019, and completed mass production preparation in 2022. By formulating suitable recipes to meet different customer needs, targeting mainly power and energy storage applications, the Company has contributed revenue in the tens of millions of NT dollars since 2022.

Examples of successful energy storage products the Company developed in the most recent five fiscal years are:

| Year | Specific R&D results |
|------|---|
| 2018 | Silicon-carbon anode composite material GSA series, which can reach 550mah/g capacity |
| 2019 | Si-SiO high-capacity anode material |
| 2020 | Standardization of pure silicon oxide high-capacity anode material OSS |
| 2021 | Anode active material adhesive TM/TS Pure Si-O high-capacity anode material OSS |
| 2022 | Power battery graphite anode material G58 series Pre-lithiation of silicon oxide high-capacity anode materials OSS-6M1/2 series Long Cycle Silicon Carbide Anode GSS Series |

Expected products to be researched and developed

| R&D areas | Planned R&D topics |
|------------------------------------|---|
| Products related to energy storage | The Company had success in development of products related to energy storage in 2023, such as: 1. Automobile fast charge/discharge anode carbon material G58/59 series 2. Fast charge/discharge pure silicon oxide anode material OSS6R series 3. High first-efficiency pure silica anode material |

| R&D areas | Planned R&D topics |
|--|---|
| | <p>OSS6M1/6M2 series</p> <p>4. High first-efficiency, long-cycle, low-expansion pure silicon carbide anode material GSS series</p> <p>5. Water-based positive adhesive TP series</p> <p>6. High flexibility, high adhesion, high circulation water-based adhesive TA series</p> <p>7. Low-Temperature Fast Charge-Discharge Anode AdhesivesTM Series</p> <p>8. Anode adhesive TS series for pure pre-lithiated silicon oxide</p> |
| Pure silicon oxide/silicon carbon anode material | <p>Si-SiO anode materials provide one of the answers to the need of increasing the capacity of lithium-ion secondary cells. A Si anode has a unit capacity almost ten times as large as carbon provides, making the use of Si anode the optimal solution to increase the capacity of lithium-ion batteries. Our R&D team has developed a Si-O material that can be added into normal graphite anode and bring about a 10–20% unit capacity increase to the anode. Construction of mass production lines for such a material was completed in 2022, with an annual yield of 100 tons. After we pass customers' strict certification process, these lines will start to contribute to our revenue in 2023.</p> <p>Due to the intrinsic issues of silicon oxide materials, they will face competition and impact from high initial efficiency and low cost. We will strengthen the integration of resources with academia and industry. We have developed silicon oxide powders with an initial efficiency of 85%-95%, a capacity greater than 1450mAh/g, and a 20-30% cost reduction. Trial production is expected to begin in 2024, and we will continue to collect data to improve the stability of mass production quality and cost control.</p> <p>In 2024, we will focus on the development of silicon-carbon anodes, whose advantages of high initial efficiency (>90%), high specific capacity (>2000mAh/g), and low cost (compared to pre-lithiated silicon oxide) have attracted the attention of many customers. We will deepen our cooperation with customers in product development to enable early adoption.</p> |
| Aqueous negative electrode active material | <p>High-capacity anode is a technical remedy to increase volumetric capacity of cells, but it has shortcomings such as high inner capacity and short cycle life. The Company has developed water-based polymer adhesive that effectively overcome these defects and received positive feedback from many of our customers. Our R&D results have been translated into improved properties of the adhesive, including adhesion, mechanical strength, cycle life, high/low-temp. performance, fast charge/discharge,</p> |

| R&D areas | Planned R&D topics |
|-----------|---|
| | <p>etc. At the end of 2021 we started its production at an annual yield of 50 tons, and pilot production was realized in 2022 with our customers. In 2023, the mass production was already at tons scale, which means revenue of tens of millions (NT\$).</p> <p>The existing acrylic binder products have a relatively hard and brittle nature, requiring customers to assist in adjusting for mass production operability. To address this issue, our goal is to develop products with flexibility, toughness, and maintained fast charging performance, coupled with optimized mass production and cost control to maintain product competitiveness in the market.</p> |

(IV) Long- and short-term business plans

(1) Short-term plan

The Company is one of the world's top five suppliers of solar cell paste materials. The Company has successfully developed paste materials for N-type solar cells, which have become the market mainstream. The Company continue to invest human and material resources to provide high-cost-performance products to our customers. Our goal is to deeply cultivate the solar conductive paste market by continuously improving our technological capabilities to meet the growing demands of customers. The Company hopes that through our continuous efforts, we can bring more innovation and sustainable development possibilities to the solar industry.

In the side of energy storage, following our putting cell adhesive products into production in 2021, we commenced pilot production of SiO anode materials in 2022, with serving our customer with stable shipment of high-capacity SiO anode in 2023. Meanwhile, we have worked with some local customers in Taiwan as our strategic partners to plan for a pilot plant of electrolyte in 2022. We also started mass production for our customers in 2023. Furthermore, through strategic investments and partnerships, our subsidiaries can provide stable, high-voltage, and fast-charging/discharging lithium iron phosphate cathode materials, as well as traditional graphite anode and high-performance separator materials through our strategic partners. In general, Giga Solar Materials, with our own expertise and strategic partnership, continuously integrates and strengthen supply of key materials for lithium cells, and horizontally integrates resources with the attempt to secure customer adhesion by offering turnkey solutions and promoting full-fledged development of cell material technologies. In addition, in response

to market demands, the energy storage division has also developed new silicon-carbon anodes (with a specific capacity of 1900mAh/g and an initial efficiency over 90%) and low-impedance aqueous binders to provide customers with better performance and products, meeting market requirements for fast charging, low-temperature operation, and high cycle life batteries.

(2) Long-term plans

Our company's products are in one of the fastest-growing green energy industries globally. To continuously strengthen our R&D and production capabilities in the solar cell paste field, we will not only strive for vertical integration of specialty raw materials but also expand into energy-saving and energy storage materials needed horizontally, better meeting market demands.

In the future business development, we will deeply cultivate the materials required for the energy, energy conservation, and energy storage industries. At the same time, we will continue to invest in R&D capabilities, especially for the semiconductor industry and automotive electronics industry. We plan to strengthen our market presence in Taiwan and China, and actively expand the markets in Europe and the United States, in order to provide customers with high-quality products.

In the part of energy storage materials, the domestic demand in Taiwan is limited, and thus growth momentum of the global energy storage market still depends on China, Japan, Korea, Europe and the US. Given the impact of the pandemic in the past two years, coupled with the deterioration of China-U.S. relations extending to trade wars and tariff barriers, the importance and demand for localized production have gradually gained attention. Therefore, with Taiwan as the core for technology development, production is planned in accordance with regional markets. With these two guidelines, coupled with our continued development of energy storage materials to meet the battery market's demand for key materials (continual development towards high/low temperature fast charging, high energy density, long cycle life), and accelerating the global production layout in Japan, South Korea, Europe, and the Americas (extraction, manufacturing, recycling, etc. of non-China-origin material supply chains).

II. Overview of production and sales by markets

1. Market Analysis

- (1) Geographic areas where the main products (services) of the company are provided (supplied)

Unit: NTD thousand

| Item \ Year | | 2021 | | 2022 | | 2023 | |
|-------------|-------------|-----------|--------|-----------|--------|-----------|--------|
| | | Amount | % | Amount | % | Amount | % |
| Taiwan | | 1,020,387 | 13.37 | 1,269,479 | 22.45 | 777,690 | 26.29 |
| Exports | Asia (Note) | 6,610,451 | 86.61 | 4,349,245 | 76.91 | 2,130,095 | 72.00 |
| | Europe | - | - | - | - | 1,115 | 0.04 |
| | Others | 1,614 | 0.02 | 36,121 | 0.64 | 49,511 | 1.67 |
| | Subtotal | 6,612,065 | 86.63 | 4,385,366 | 77.55 | 2,180,721 | 73.71 |
| Total | | 7,632,452 | 100.00 | 5,654,845 | 100.00 | 2,958,411 | 100.00 |

Note: Taiwan is not included

- (2) Market share

The Company's core product is solar paste. While there is not directly usable statistics exclusive for paste products, the market scale of paste products may be calculated from annual installation of solar plants, and the amounts of aluminum paste, back-side silver paste, and front-side silver paste used in every solar cell. According to the foregoing estimation, the Company's solar paste materials took up about a 20% share in global sales in 2023.

In terms of energy storage materials, since Giga Solar Materials' silicon-carbon, silicon oxide anodes and aqueous binders are relatively high-end and new types of materials, the market is still in an incubation period with a long validation cycle (approximately two years). Significant growth has yet to occur. We continue to work closely with customers on in-depth development to strengthen customer stickiness.

- (3) Demand and supply conditions for the market in the future, and the market's growth potential

Over the past two years, with the wave of global energy structure transformation, the photovoltaic industry has flourished, with its industry scale and installation speed continually setting new highs. According to TrendForce's estimation, by 2024, the global newly added photovoltaic installed capacity's neutral expectation is 474GW, a year-on-year increase of 16%.

Analyzing the four major regional markets, the demand for installations in Asia and Europe has entered an adjustment phase, but still maintains steady growth. The demand for installations in the U.S. market has significantly warmed up, which will drive the entire American market to maintain a relatively high growth rate. In the Middle East and Africa region, due to the accelerated promotion of energy transition strategies, coupled with the fall in component prices, the construction progress of large-scale photovoltaic ground power stations in areas such as Saudi Arabia and the United Arab Emirates has significantly accelerated. In terms of sub-markets, Chile, Saudi Arabia, and Turkey have particularly impressive growth rates.

Regarding the global energy storage market, traditional cathode and anode remain strong growth momentum. According to GGII, 2022 showed a 57.9% growth from 2021. Turning to Si-based materials, since the downstream enterprise demand are still focused on traditional cells, the technical threshold for cell makers to shift from traditional cathode and anode to Si-based material is quite high, the market remains silent. According to GGII, after the whole China return to work, Si-based anode shipment reached about 11 thousand tons in 2021, and about 18 thousand tons in 2022. Taking 10% composite pure Si material for example, its shipment is about 1,800 tons. However, with Tesla and CATL launching battery modules using lithium iron phosphate cathodes paired with pure graphite anodes in 2022 and 2023 respectively, their energy density and manufacturing process are similar to those of ternary cathodes coupled with silicon oxide anodes, but at a significantly lower cost. This has further hindered the adoption of high-capacity silicon oxide anodes. As the expansion of traditional materials was completed in 2023, the oversupply has impacted lithium and graphite prices, causing the overall market heat to decline and slowing down the adoption of new materials. However, the demand for higher energy density and fast charging/discharging in lithium-ion batteries is endless, and the adoption of high-capacity anodes is a must. After 2024, we need to continue observing the possibilities of new applications and new material combinations to seize new growth momentum.

(4) Competitive niche

The Company's competitive niches are analyzed below:

① Having insight to market dynamics and thus being able to offer relevant, quality services promptly

The Company always updates itself with the latest market movements, and maintains good partnership with upstream and downstream players (such as raw material suppliers, equipment builders and packaging factories) for efficient product development. This position allows us to speed up the go-to-market process for new products, and to provide timely consultation services and solutions. With these advantages, we can protect ourselves from price competition. Our unique services composed of timing sensitive development and real-time design correction as well as in-house R&D equipment and ability make us always lead the way to development of solar cell materials of the next generation, keeping us competitive.

②Excellent R&D team with rich expertise and know-how

The Company has our R&D team built to be sophisticated yet bold and thus the team has a proven track record in the government-led pilot program of product development for solar pastes. The team is particularly experienced in material chemistry and possesses true ability to make independent development, so the in-house developed products can be continuously optimized and refined for the best possible conversion efficiency. In addition, the Company possesses its own solar lab, where we can assure quality of products and adapt products to customers' different Si wafers by adjusting process parameters or material compositions, thereby improving production in all ways.

③Solving customers' concern and prevent patent litigation by patent licensing

Solar conductive paste accounts for about 20% of the total costs of solar cells, and has determinative impacts on efficiency and quality. With advancement in terms of cost control and skills, leading cell makers continuously decrease printing weight. As a result, globally, while more devices are made, the use of solar paste does not increase, in fact, it decreases. To keep advantageous in the fierce competition in the solar industry, the Company unceasingly improves product quality and cost control, to make our paste material products highly efficiency yet inexpensive. We have secured non-exclusive licensing for key, patented technologies. This reflects our respect for intellectual property rights and is an effective way to solve customers' potential concerns and worry and to prevent patent litigation.

④Taking the leading position by fast expansion and planning for an extensive layout in the global market

The Company has long invested in R&D of solar paste materials, and leads the industry with efficiency, quality, services and competitive costs. We continuously pay efforts to improve N type TOPCON paste materials in terms of thinning and conductivity. Being always able to provide our customers with products price-performance ratio is our core advantage.

In the energy storage sector, Giga Solar Materials has the most comprehensive material lineup in Taiwan, including cathode and anode materials, auxiliary materials (binders, conductive aids), electrolytes entering trial production, and strategically cooperated separators. This complete material lineup can accelerate the development of individual materials, faster improve product performance, deepen customer collaboration, and provide customers with comprehensive solutions.

(5) Positive and negative factors for future development, and response to such factors

①Positive factors

A. Advantage of nearby services

In these years, the whole solar industry has worked actively toward grid parity, with reducing costs the top priority for customers. Introducing the Company products helps shorten material preparation time and reduce financial pressure caused by maintaining material stocks. Other advantages include stable quality, competitive prices and timely services. In addition, Asia is currently the hub of manufacturing of solar cells, with the combined output of China and Taiwan accounting for at least 90% of the global output. The market in China is now the powerhouse for the growth of the Company. The solar dealers across the straits speak the same language and write similar words. Thus, when we work closely together, we can jointly prosper the industry over foreign competitors.

B. Governmental incentives and subsidies

Now in the world, oil prices go up day after day, and natural resources are increasingly exhausted. These call forth the trends toward environmental protection, energy saving, and emission reduction. Government all over the world engage in development of renewable energy in droves, and provide subsidies and incentives for

installation of solar photovoltaic systems. This has brought about demands on the solar photovoltaic market and is the main reason why solar power related industries have flourished recently.

C. US IRA and EU CRMA Act

European countries and the U.S. have established two acts, the Inflation Reduction Act (IRA) and the Critical Raw Material Act (CRMA), to ensure a secure, diversified, affordable, and sustainable supply of critical raw materials. This is to avoid reliance on a single country or countries of concern, and includes the extraction, manufacturing, recycling, and other circular processes of raw materials. In addition to reducing China's malicious competition, the product's life cycle planning must also be taken into consideration. Taiwan's technological capabilities and political stance are more advantageous. If we can continue to expand vertical and horizontal supply chain cooperation, we will definitely be able to gain a foothold in the electric vehicle or other lithium-ion battery markets.

②Negative factors and countermeasures

A. Fluctuation in the photovoltaic industry

It's known that many natural resources are limited, and thus effective use of renewable energy has become the common target of governments around the world to go after. Solar power generation can be implemented and used almost everywhere, making it further promising in the long run. However, in the short term, supply-demand factors can still fluctuate the industry and harass the dealers with serious imbalance and severe price competition. For example, from 2007 to the first half of 2008, shortage of Si material held the price high and destroy capacity utilization. In the second half of 2008, while the oil price dropped back, another financial storm came, and this directly caused a significant reduction of demands. The end sale price collapsed and consequently manufacturers' margin was eaten up. Moreover, the photovoltaic industry is always tied tight to governments' energy policies, which are highly dependent on political and economic situations as well as state finance, making fluctuation its innate nature.

Countermeasures:

- a. actively expanding overseas markets; diversifying customer bases; increasing the market share in the shortest possible time by stable, mass production, fast shipment, and reasonable prices; and realizing economies of scale to reduce unit production costs.
- b. being aware of the latest market information and working closely with downstream vendors so as to add value and shorten the go-to-market process of new products, in turn helping customers stay competitive.
- c. expanding the front-side silver paste market on the basis of existing customer bases, while developing other product lines with reference the mainstream on the solar cell market.

B. Price pressure

The material industry is technically intensive, with the benefit margin mainly coming from dealers' expertise and know-how about formulas and services, not reduction in material prices or manufacturing costs. Therefore, as the industry seems to enjoy pleasing benefits, it is in fact the link in the chain that suffers bargain-hunting and price competition most.

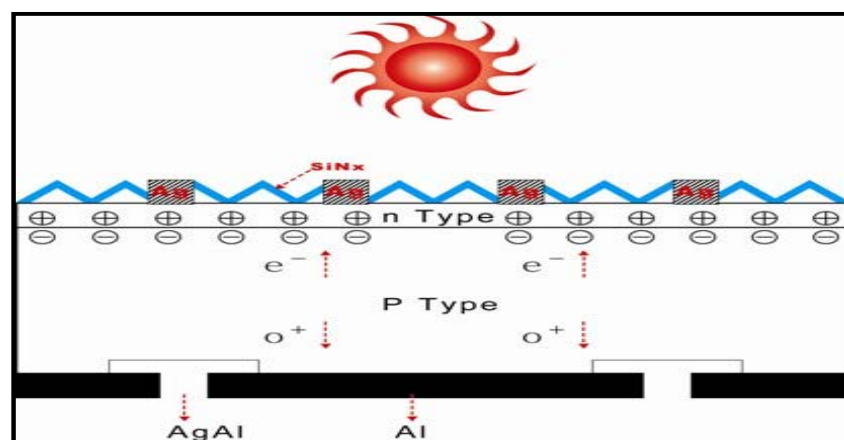
Countermeasures:

- a. recognizing that technical services are where out value locates, and letting customers appreciate or added value by solving customers' problems, whether it be reliability or weather resistance, or even esthetics requirements.
- b. lowering manufacturing costs by increasing conversion efficiency, such as by assisting customers in thinning electrode lines to maximize light receiving area in a cell, or actively adjusting process parameters to increase product yield.
- c. Since the material industry has a high entry threshold and fast evolution speed, success is less reproducible. Besides this, paste materials only take a small part in the overall cell costs, so it is less practical to save costs at this side. In fact, the keys are quality and services. Facing a given customer base, a new competitor trying to compete for customers with prices lower than those of the existing supplier will not always success.

C. As for energy storage business, competitors are still mainly from China. China dealers soon gained a considerable scale with their very low costs and favor from the authorities in terms of subsidy policies. At this part, the cell materials developed by Giga Solar Materials, such as Si anode and adhesive, set a relatively high technical threshold in terms of design, production and application, and thus the Company has been able to secure its technical advantages. Giga Solar Materials will keep Improving its products for better performance, longer cycle life, high efficiency and fast charge/discharge, so as to lead the industry with products with top quality. Additionally, since the end market will gradually shift from China to big consumers such as the US and Europe, and countries have dealt with this using tariff limits, we have to speed up our arrangement of local production so as to serve our customers from a place as close to them as possible. At last, with respect to traditional cell materials, dealers in Taiwan started mass manufacturing late, so when it comes to production capacity, they are currently less comparable to competitors from China and Korea. On the other hand, Giga Solar Materials has been dedicated to new materials, its lag in terms of production capacity is not significant, yet Giga Solar Materials still has to remain sensitive to market changes and rapidly adapts itself to demands from its customers or from the market, so as to strengthen competitiveness for cost control and material performance.

2. Major use of core product and manufacturing process

(1) Major use of core product



Briefly, a solar cell is made through a semiconductor manufacturing process where a P-type semiconductor, an N-type semiconductor, and an

anti-reflection layer are formed. It generates power using the photovoltaic effects of these materials. That is, when sunlight hits a solar cell, incident electrons are absorbed. Then, through the electric field at P-N type semiconductor interface as shown in the image and the photovoltaic effects, electrons (anode) and holes (cathode) are separated to form a photocurrent, which is in turn transmitted to the load through a lead. The solar paste of the Company is used to form front and back electrodes of a solar cell (including the back side electric field), and electrodes for connecting modules in series.

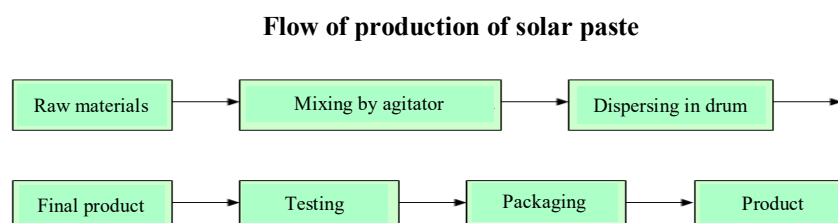
| Product item | Product use |
|-------------------------|---|
| Front-side silver paste | Solar cell front-side silver electrode (lead) |
| aluminum paste | solar cell back side aluminum electrode |
| back side silver paste | solar cell back side silver aluminum electrode (lead) |

For lithium-ion batteries (hereinafter referred to as lithium batteries) to solve issues related to their application (especially in electric vehicles), such as driving range and range anxiety, technological development continues to focus on high energy density and high capacity materials. The development of anode materials mainly emphasizes increasing specific capacity. Currently, artificial graphite (AG) remains the primary anode material in lithium-ion batteries due to advantages such as the ease of obtaining carbon materials, mature manufacturing processes, and low costs. However, its capacity performance has reached a bottleneck. In the battery cell system, the main function of the anode material is to store lithium ions. The more storage space the anode material has, the higher its capacity performance, and the higher the capacity, the more effective the increase in energy density per unit cell. The current development of AG technology is approaching its theoretical capacity of 372mAh/g, which can no longer meet the demands of power batteries at the present stage. Therefore, the development of high-capacity materials, such as silicon anodes, with a specific capacity of up to 3579mAh/g, has gradually gained attention, becoming the main development direction for next-generation anode applications.

| Product item | Product use |
|-----------------------|---|
| Silicon carbide anode | Lithium-ion battery anode materials |
| Silicon oxide anode | Lithium-ion battery anode materials |
| Water-based adhesive | Adhesive for lithium ion battery anode powder |

(2) Manufacturing of core product

Success of solar paste lies on the core, composition and formula. Production itself is less complicated, where the only goal is to form a homogenous mixture of raw materials. The manufacturing process is as below:



The manufacturing process for anode materials is complex, but mainly involves material mixing, high-temperature sintering, powder pulverization, surface carbon coating, material sorting, inspection, and packaging. For aqueous binders, the process involves raw material synthesis, colloid drying, powder pulverization, inspection, and packaging.

3. Supply of raw materials

The main raw materials for our products are silver powder, aluminum powder, solvents, resins, and other additives. In addition to major suppliers from the United States and Japan, some raw materials are sourced from domestic suppliers. For energy storage material products, the main raw materials are silicon powder, quartz powder, resins, and other additives. Apart from China, we have established sources from South Korea, Japan, and Taiwan. The raw materials are not complex, with the main focus being on the manufacturing process and material formulations. Overall, the supply situation is good, and there are no shortages. In addition to continuously strengthening our cooperation with existing suppliers, we are also actively seeking other domestic suppliers to reduce raw material costs.

| Major raw materials | Major suppliers | Supply status |
|---------------------------|----------------------------------|---------------|
| Metal powder | Companies A, B, C, D, E, F, G, H | good |
| Solvent | Company L, Company M | good |
| Resin and other additives | Company N, Company O, Company P | good |

4. Set forth the names of any suppliers (customers) listed in the consolidated statement that have supplied (sold) 10 percent or more of the company's procurements (sales) in either of the preceding 2 fiscal years, and the monetary

amount and the proportion of such procurements (sales) as a percentage of total procurements (sales), and explain the reason for any change in the amount.

However, where the company is prohibited by contract from revealing the name of a trading counterpart, or where a trading counterpart is an individual person who is not a related party, a code may be used in place of such trading counterpart's actual name.

- (1) The names of any suppliers that accounted for 10 percent or more of the Company's total purchases in either of the last two fiscal years, as well as the purchases amounts and percentages from those suppliers, and an explanation for any increase or decrease. This includes suppliers to the Company, its directors, managerial officers, and businesses directly or indirectly controlled by the Company.

Unit: NTD thousand

| 2022 | | | | 2023 | | | |
|--------------|-----------|------------------------------------|------------------------------|--------------|-----------|------------------------------------|------------------------------|
| Name | Amount | Purchase to net purchase ratio (%) | Relationship with the issuer | Name | Amount | Purchase to net purchase ratio (%) | Relationship with the issuer |
| Company E | 2,260,943 | 51.97 | None | Company E | 1,419,286 | 56.59 | None |
| Company S | 93,630 | 2.15 | None | Company S | 327,788 | 13.07 | None |
| Others | 1,995,947 | 45.88 | None | Others | 760,735 | 30.34 | None |
| Net Purchase | 4,350,520 | 100.00 | - | Net Purchase | 2,507,809 | 100.00 | - |

Explanation of increase/decrease: Company S only added a new supplier, accounting for 10% or more, of its procurement of silver powder. This is mainly due to the addition of a qualified silver powder supplier.

- (2) Set forth the names of any customer listed in the consolidated statement that have purchased 10 percent or more of the company's sales in either of the preceding 2 fiscal years, and the monetary amount and the proportion of such sales as a percentage of total procurements sales, and explain the reason for any change in the amount.

Unit: NT\$ thousand

| 2022 | | | | 2023 | | | |
|---------------|---------|------------------------------|------------------------------|---------------|---------|------------------------------|------------------------------|
| Customer Name | Amount | Sales to net sales ratio (%) | Relationship with the issuer | Customer Name | Amount | Sales to net sales ratio (%) | Relationship with the issuer |
| Kwai Company | 920,999 | 16.29 | None | AA Company | 357,874 | 12.10 | None |
| Company θ | 674,661 | 11.93 | None | Kwai Company | 348,238 | 11.77 | None |
| AA Company | 405,701 | 7.17 | None | AB Company | 303,713 | 10.27 | None |
| AB Company | 42,322 | 0.75 | None | Company θ | 0 | 0.00 | None |

| | | | | | | | |
|-----------|-----------|--------|---|-----------|-----------|--------|---|
| Others | 3,611,162 | 63.86 | - | Others | 1,948,586 | 65.87 | - |
| Net Sales | 5,654,845 | 100.00 | | Net Sales | 2,958,411 | 100.00 | - |

Explanation for increase/decrease: The change in customers accounting for more than 10 percent of annual sales is primarily due to a significant decline in revenue from silicon auxiliary materials caused by the US-China trade impact, and a decrease in revenue from solar conductive pastes affected by the COVID-19 pandemic.

5. Main production quantity and value in consolidated statements in the most recent two years and analysis of changes

Unit: thousand barrels; /sheet; NTD thousand

| Year Production quantity and value Main product | 2022 | | | 2023 | | |
|--|------------|-------|-----------------|------------|-------|-----------------|
| | Capability | Yield | Output value | Capability | Yield | Output value |
| Solar conductive paste | 661 | 148 | 3,035,712 | 248 | 56 | 1,983,000 |

Analysis of changes in production quantity and value:

In 2023, production quantity and value of solar paste reduced due to reduced sales.

6. Main sales quantity and value as reflected in consolidated statements the most recent two years and analysis of changes in the sales

Unit: thousand barrels; NTD thousand

| Year Sales quantity and value Main product | 2022 | | | | 2023 | | | |
|---|----------------|-----------|-----------|-----------|----------------|---------|----------|-----------|
| | Domestic sales | | Export | | Domestic sales | | Export | |
| | Quantity | Value | Quantity | Value | Quantity | Value | Quantity | Value |
| Solar conductive paste | 56 | 853,670 | 128 | 2,403,422 | 23 | 570,358 | 41 | 1,631,483 |
| Silicon materials for solar energy | 1,118,287 | 437,578 | 1,647,165 | 982,311 | 595,231 | 62,278 | 434,954 | 204,458 |
| Others | - | 193,738 | - | 784,126 | - | 145,054 | - | 344,780 |
| Total | 1,118,343 | 1,484,986 | 1,647,293 | 4,169,859 | 595,254 | 777,690 | 434,995 | 2,180,721 |

Analysis of changes in sales quantity and value:

Export sales quantity and value of front-side silver paste reduced from the previous year mainly because the pandemic impacted travel speed of both people and goods, and also because competitors' cut-price competition. Sales of silicon materials for solar energy reduced from the previous year mainly because of the U.S.-China trade war, leading to a significant decrease in both sales quality and revenue.

Note: including solar paste and carriers.

III. Employees Number of employees in the most recent two years and as of the date of printing of this annual report, average seniority, average age and educational background ratio

| Year | | 2022 | 2023 | April 9, 2024 |
|----------------------------------|--------------------------------|--------|--------|---------------|
| Number of employees | Managerial personnel | 3 | 3 | 3 |
| | Direct personnel | 36 | 45 | 42 |
| | Indirect personnel | 186 | 182 | 190 |
| | Total | 225 | 230 | 235 |
| Average age | | 41.35 | 41.69 | 41.63 |
| Average services seniority | | 10.87 | 10.96 | 10.87 |
| Educational background ratio (%) | Doctoral Degree | 4.00% | 3.45% | 2.55% |
| | Master's Degree | 21.33% | 18.97% | 19.57% |
| | Bachelor's or Associate Degree | 57.78% | 60.78% | 60.85% |
| | High School | 16.89% | 16.38% | 16.60% |
| | Below High School | - | 0.43% | 0.43% |

IV. Information on expenditures for environmental protection

1. According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made.

(1) Situation of applying for a permit for installing anti-pollution facilities, or permit of pollution drainage

The Company has secured applicable permits for air, water, and waste, and manages emissions and drainages with extra control. The current management and control conform to provisions of environmental regulations.

Due to operational planning needs, the Company has established a new factory, Taoxue Plant, in the Taoyuan Science and Industry Park, and obtained factory registration certificate in June 2023. As of the end of 2023, the Company has obtained pollution facility installation permits or pollution discharge permits as shown in the following table:

| Category | Permit No. | | |
|---|--|---|---|
| | Hsinchu Factory (Control Number: J59A3761) | Shinfong Factory (Control Number: J59B4934) | Plant in Taoyuan Science and Industry Park (Control Number: H53C1063) |
| Fixed pollution source installatio n permit | Hsinchu County No. Huan-Kong-She-Cheng-Zi J0648-00 | Not announced controlled | Not announced controlled |
| Fixed pollution source operation permit | Hsinchu County No. Huan-Kong-Tsao-Cheng-Z i J0877-04 | Not announced controlled | Not announced controlled |
| Water pollution preventing permit | Hsinchu County No. Huan-Pai-Hsu-Zi 00807-05 | Not announced controlled | Taoyuan City No. Huan-Pai-Hsu-Z i H4808-00 |
| Business waste disposal plan | No. Fu-Huan-Ye-Zi 1118661435 | No. Fu-Shou-Huan-Ye-Z i 1118659132 | H11111100001 |

(2) Payment of pollution control fees (2022):

Unit: NT\$

| Time Company Category | 2022 | | 2023 | | |
|--------------------------------|---------------------|--------------------|------------------------------|--------------------|---|
| | Shinfong Factory | Hsinchu Factory | Shinfong Factory | Hsinchu Factory | Plant in Taoyuan Science and Industry Park |
| General waste handling fee | 331,068 | 648,000 | 133,224 | 526,204 | 84,000 |
| Business waste handling fee | 109,930 | 1,484,273 | 516,498 | 920,433 | 396,841 |
| Air pollution control fee | 900 | 57,140 | Below Charge Threshold | 9,263 | - |
| Sewage treatment fee | 83,927 | - | - | - | 13,296 |

(3) Appointment of dedicated unit/personnel for environmental protection:

The Company's Hsinchu Factory is a premises as included in the list of the Second Batch of Public and Private Premises, and an employee has been appointed for air

pollution control. The Hsinchu Factory organizes various business summary events about air-pollution prevention as provided by relevant environmental laws.

2. List the company's investment in equipment for preventing and controlling environment pollution and usage thereof and potential effects

The Company has set up air pollution prevention and controlling equipment, wet washing towers, as required with respect to our manufacturing process, and periodically examines and maintains the hardware. We have also engaged inspection and testing companies authorized by Environmental Protection Administration to check pipes and channels on a regular basis, so as to ensure proper operation of the equipment. By ensuring our air pollutant emissions satisfying the emissions standards provided by the government, we minimize damage and impact on the environment by the waste gas from our manufacturing processes, reflecting our commitment to our responsibility for protecting the environment.

Unit: NTD thousand

| Equipment Name | Quantity | Construction Completion Time | Invested Amount | Usage and Expected Benefits |
|---|----------|------------------------------|-----------------|--|
| Air pollution control equipment – Hsinchu Factory | 1 | January 2010 | 3,397 | Wet Washing Tower 500CMM: treating VOCs and particle pollutants generated in the manufacturing process to make these satisfy emissions standards and to reduce air pollution |

3. The process through which the company has improved its environment pollution during the most recent two years and as of the date of printing of this annual report, and in case of dispute related to pollution, specify how the dispute was dealt with: None.
4. Any losses suffered by the company in the most recent two fiscal years and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken, and if a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

Arbitration information is as follows:

| | |
|---------------------------------------|--|
| Arbitration date | September 25, 2023 |
| Jurisdiction over counties and cities | Taoyuan City |
| Order number of the ruling | 40-112-090048 |
| Date of breach | May 17, 2023 |
| Violation of laws and regulations | Article 28-1 of the Waste Disposal Act |
| Penalty amount | NT\$72,000 (According to Article 23, Paragraph 2 of the Environmental Education Act, the environmental lecture will be held for 2 hours) |
| Fines | Paid-up in full |
| Non-compliance description | Recently, the factory area contracted an engineering company to carry out a toilet renovation project. The subcontractor commissioned by the engineering company did not have a permit from the competent authority as a public or private waste disposal and treatment institution to remove and treat industrial waste, which subsequently led to illegal dumping along a road section in Yangmei District, Taoyuan City. |
| Responding measures | In the future, for any contracted work (projects, maintenance, etc.), Giga Solar Materials' control regulations and payment requirements must be stated in the relevant procurement documents (contracts, quotations, purchase requests, purchase orders, etc.). The contractor should provide "legal disposal and treatment documents" and a "construction waste transportation confirmation slip", which should be co-signed by Giga Solar Materials' supervision personnel for multi-level control. |

5. Explain the current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming 2 fiscal years: None.

In order to fulfill our responsibility for protecting the environment and safeguarding employees' safety and health, while implementing our administrative duties to environmental protection and prevention of pollution as well as enterprise responsibility for environmental protection, the Company was certified against ISO 14001:2004, the environment management system, in December 2009. In 2015, in response to update of the system from ISO 14001:2004 to ISO 14001:2015, the Company updated its certification against ISO 14001:2015 at the end of 2016, and in Q1 2017 further been verified by a third-party agent so as to prove our efforts to enhance environment performance and fulfill our corporate social responsibility for environmental protection, and ensure that the Company's products are produced under

strict management and control as expected by environmental laws and regulations and ISO international standards, thereby achieving our goal for sustainable development and better positioning the Company in international competition. Moreover, the Company in 2018 further adopted ISO 45001:2018, Occupational Safety and Health management system, (former OHSAS 18001) and passed certification, showing our ISO 45001:2018 in social, economic, environmental and safety aspects.



As the rapid changes in the global solar industry and in specifications of electronic products, competition has become even fiercer. In order to promote solar power and energy storage materials, the Company possesses high-efficiency power stations and continuously invests in R&D of electric vehicles and energy storage products. As the trend toward electric vehicles becomes clearer than ever, Giga Solar Materials recently works in expansion of business of cell anode materials positively, with the goal to have full independence in materials. Our energy storage materials have received IATF 16949:2016 verification for Declaration of Conformity in 2020, and formal certificate was received in 2021 after further verification. Our C-Si anode energy storage products also received recognition from our customers and entered automotive supply chain successfully. Our Si-C raw materials and polymer adhesive are now under expansion of production, making us more advantageous to grasp “zero-carbon opportunities.”

In view of growth of the industry, this Company has expanded its product lines to improve its competitiveness. In 2020, this Company merged Exojet to integrate both parties’ resources and improving our shareholder team. This merger gave Giga Solar Materials a great chance to diversify its product portfolio, making itself more capable of offer customers with complete solutions.

In order to satisfy the need of future operation of Giga Solar Materials and the Group’s subsidiaries, the Company acquired facilities and land in Hsinchu Industrial Park in 2021. The acquisition provides our future operation with support and

accommodation. With its years of experience in paste materials and expertise in the automotive supply chain, Giga Solar Materials is confident in blazing a new path in the market of passive components, branching new ground.



6. Information on response to Restriction of Hazardous Substances Directive (RoHS):

The Company's products are materials to be used in electronic products, and the products made from raw materials all conform to EU standards and other regulations. Additionally, upon customers' request, investigation and testing reports issued by third-party verification agents of the Company's products may be provided upon shipment, so as to ensure the products compliant to relevant international regulations, such as the EU's Restriction of Hazardous Substances Directive (RoHS), Registration, and Evaluation, Authorization and Restriction of Chemicals (REACH), as well as customers' requirements.

V. Labor relationship

1. List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

(1) Employees benefit plans

- ① The Company insures its employees with labor insurance, health insurance, pension payments, and group insurance, as general benefit, and more employee benefits include employee compensation distribution, diverse on-job training, employee physical examinations, subsidies for buying books, etc. The Company's sites are equipped with breastfeeding rooms to support female employees with a quality breastfeeding environment.
- ② The Company has set up Employees' Welfare Committee as required by law, and has selected personnel to run a benefit committee that is responsible for implementing various employee benefit events, with annual schedule and budget

plans maintained to provide services such as annual travel subsidies, club events, subsidies for weddings and funerals, discounts in contracted stores, gift coupons, and employees health promotion activities held periodically, so as to, in their daily hard work, help maintain employees' mental and physical health.

③ The Company has set up an employee stock ownership association, and implemented an employee dividend-sharing system to turn our employees into our shareholders, thereby enhancing employees' engagement and devotion to the Company, and inspiring employees' ownership and accountability.

④ To provide employees with thorough benefit and protection, if employees, on their service, dies on duty, due to illness, or on accidents, the Company will implement its consolation system to take care of the deceased's minor children until the children complete their education in universities, manifest the Company's commitment to our corporate social responsibility.

(2) Continuing education and training

The Company holds diverse learning programs for employees to use, and arranges, from time to time, overseas training or study opportunities in relevant academic facilities. We also provide an e-Learning platform for convenient management of learning, thereby encouraging employees to improve themselves to seek continuous growth. The Company further has an employee promotion method in place, and provides open promotion channels to recognize employees' contribution to the Company, thereby upholding the common benefits between the Company and employees.

| Item | Number of course | Total number of persons | Total number of times |
|---------------------------|------------------|-------------------------|-----------------------|
| 1. Orientation program | 12 | 399 | 2472.5 |
| 2. Professional function | 108 | 863 | 1695 |
| 3. Leadership | 2 | 47 | 282 |
| 4. General knowledge | 61 | 1456 | 2812.5 |
| 5. Self-inspiration | 6 | 91 | 123 |
| More than NT\$100,000,000 | 175 | 1725 | 3099 |

(3) Retirement systems, and the status of their implementation

The Company used to set 2% of individual employees' monthly salary aside as reserve for future pension payment in order to ensure easy life of retired employees, improve labor relationship and inspire working motivation. Later, the Labor Pension Act came into force on July 1, 2005 to implement an appropriation system. After implementation, an employee was allowed to select whether it shifts to the pension

system based on “Labor Standards Act” or to adopts the system of the Act while preserving seniority accumulated before such implementation. For employees shifting to the Act, the Company is required to contribute a part of employees’ appropriation, with an amount equal to 6% of the individual employees’ monthly salary.

The Company has set up rules for retirement management, which include provisions for ordinary employees and commissioned managerial personnel, respectively. For employees arriving at their posts before July 1, 2005, the Company continuously contributes the 2% old system reserve and has set up a labor pension supervision and management committee. When any of the Company’s employees satisfies the requirements as set forth in Article 53 (1)-(3) and Article 54 (1) of Labor Standards Act, the required procedure will be followed.

(4) Working environment and employee safety protective measures

- ①The Company has engaged inspection and measurement agencies authorized by Occupational Safety and Health Administration, MOL to conduct semi-annual inspection and measurement for ensuring a quality working environment for employees. The exact items of inspection and measurement depend on the type of in-site operation and the results are bulletined to all employees through the e-bulletin board periodically.
- ②In order to ensure employees’ working safety, the existing operation in the factory is periodically audited by our industrial safety division, and any incompliance is registered as audit weakness and required to be corrected within a deadline-specified period. In the weakness is impossible to be rectified thorough engineering control and administrative improvement, related staff are required to use personal protective equipment. Training on use and maintenance of personal protective equipment is provided to related staff periodically. Respirators have been managed in accordance with regulations announced by the Occupational Safety and Health Administration. For employees using respirators, respiratory protection measures and related management are implemented to prevent ineffectiveness of respiratory protection as a result of using improper equipment. Any alteration intended to be made in the factory (machinery equipment, plant layout, etc.) is only permitted when beforehand evaluation performed in accordance with the established guidelines for management of alteration (Control Sheet for Alteration, Checklist for Evaluation of Impacts on Environment Safety and Health, etc.) has been completed with favorable results. Any contractor intending to enter our factory for performance of construction is only permitted

when an access application is filed in accordance with the established Guideline to Contractors for Environmental Safety so as to implement strict access control and protect employees' safety.

(5) Establishment of code of ethic employee conduct

The Company has set up various guidelines for operation and management benefit measures for all employees to follow and to acquire ethical concepts, rights, obligations and standards for conduct therethrough. These measures have been acknowledged and obeyed consistently by all employees. The codes of conduct are:

1. I undertake to perform my duty impartially during my tenure in accordance with the Company's rules and provisions, with the public interest in mind, and to refrain myself from taking advantage of my position to seek unlawful benefits for myself, my spouse, my blood relatives, my relations by marriage or any person who lives with me.
2. I further undertake not to solicit, offer or receive any property, advantage, expense, or subsidy from anyone who has interests with my position. However, when it is any of the following cases, and is occasional and free from the concern of affecting any certain right and obligation, I am allowed to accept it:
 - 2.1 it is out of business etiquette.
 - 2.2 it is reward, emergency assistance, or condolence from the management.
 - 2.3 it is property of a market value below NT\$2,000, or is a gift from multiple of my coworkers with a total market value below NT\$2,000.
 - 2.4 It is a cash gift as regards to my engagement, wedding, childbirth, relocation, assume a position, promotion, retirement, resignation, leaving a position, or to I, my spouse or any of my lineal relative's injury, illness, or death, with a market value not exceeding the level acceptable to normal social custom.
3. I undertakes that when I am offered a gift due to or related to my position, I shall refuse to accept or return it, and report the offer to my immediate supervisor, and if return is not feasible, I shall submit the gift to the Company's Administration Department for its disposal.
4. I will not accommodate any decision related to the Company's business to illegal lobbying and influence peddling from any customer or supplier with the purpose to advantage or disadvantage any specified party.
5. If I breach any provision of this Undertaking, I accept punishment as provided in the Company's rules and regulations. Where the breach involves

criminal responsibility, I agree to surrender the judgement to the judiciary.

- (6) As of the date of printing of this annual report, the detail of licenses and certificates issued from the authorities held by staff related to financial information disclosure:

CPA (ROC): 2, Finance Division

CPA (US): 1, Finance Division

Internal auditor license: 1, Finance Division

- (7) Agreements between labor and management; and policies for safeguarding employees' rights and interests

The Company conforms to Labor Standards Act and other relevant regulations, and has set up various sound systems for management of regulations for employees to observe. The Company quarterly convenes a labor-management conference, with four convened in 2023, where labor representatives and management's representative conduct communication and discussion so as to make the labor heard and empowered, and to build good labor relationship.

The Company has set up Employees' Welfare Committee, which works with the management on a yearly basis to review the existing employee benefits and evaluate proposed employees benefit measures, so as to harmonize the labor and the management.

2. List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken, and if a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

With respect to labor relationship, the Company operates on the basis of Labor Standards Act and adopts human-based management, thereby maintaining good labor-management relationship. The Company did not experience any loss caused by labor-management controversy

VI. Management of information security:

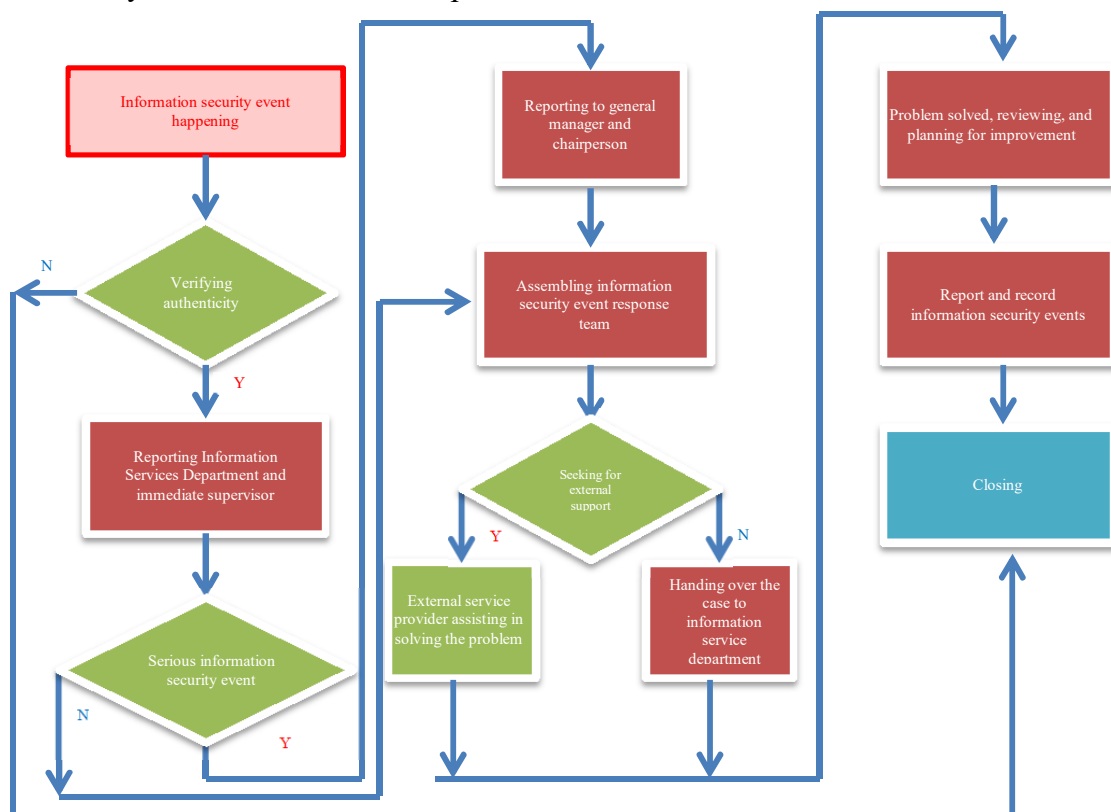
For protecting the Company's business secrets, intellectual property, and confidential information, and minimizing operational risks, while protecting and managing personal data, the Company has set up various guidelines for management of computer data processing and protection of personal data, so as to implement our internal control system and maintain our information security policies. The regulations and procedures for security are reviewed and assessed every year to ensure their appropriateness and effectiveness. Further details are given below:

(1) Information Security Management Framework

The Company has its information service department taking charge of matters about information security, and appointed one dedicated information security officer and one staff. It is responsible for planning, implementing, and promoting management of information security, and introducing concepts of information security. The Company further has the audit office supervise matters around information security. The Company also implements various information-related operational rules and management measures for protecting personal data. We periodically conduct inspection and testing about information security and drive continuous improvement, thereby upholding information security.

The Company places great importance on information security, and requires employees to report matters about information security to managerial personnel on a regular basis.

The Company has a set of procedures for reporting and handling information security events and incidents in place.



(2) Information Security Policies

A. To ensure the security of the company's data, systems, equipment, and network communications, we take proactive measures to prevent external intrusions and damage, as well as reactive measures to ensure that the company's data, systems, and equipment can be restored in case of damage.

- B. To ensure that system information accounts, access permissions, and system changes all undergo authorized processing according to company procedures, the use of privileged accounts is limited, and the scope of privileged account usage is segregated.
 - C. To implement destruction procedures, through which computers decommissioned can memory thereof properly destructed to prevent unintentional data leakage.
 - D. To monitor security and logs of information systems, so as to effectively respond to and deal with information security events.
 - E. To secure usability and integrity of data and systems so under the event of disaster or damage, normal operation can be restored.
 - F. To educate employees on information security, and to implement various information operations.
 - G. The Company's internal audit program items include information & communication safety exam. Through verified by the audit unit, internal control management can be enhanced.
- (3) Specific management programs and resources invested in information security management

The Company's internal systems are all located in virtual networks and are thus isolated and inaccessible from external networks. Moreover, we use multiple cybersecurity systems, firewalls at the frontiers of our networks, and an email safety control system that filter contents in and out, so as to defend extranet attacks, and block the latest malware, harmful website links, spam and other threats.

Our mainframe is located on the internal and all end point has been deployed with antivirus software from the console. It implements antivirus end point installation, to increase deployment coverage. It can update virus code and recognize features of malice behavior in a real-time manner, so as to promptly intercept viruses, trojan horses, worms, ransomware and more, thereby effectively reducing hacker attack risk.

Specific management programs and resources:

- A. System account life cycle management and privilege account management

A user's account and authority, data access are set according to the user's business scope and duty. No change is valid unless sign-off properly applied from the responsible supervisor is obtained. Once an employee leaves a position, the relevant user account and authority are cancelled, so as to prevent unauthorized use.
- B. Data access logs for audit and backup

The system records and stores tracks access to system files, in and out mails, and other data. Computers after destruction are all to be disassembled to have the hard disk destroyed to conform to our compliant management system and information security policy.

C. Security protection

With various antivirus programs, firewalls, mail filtering mechanisms, we conduct sensitive data processing and file encryption, vulnerability patch update, controlled installation of communication software. IPS is used to separate network segments or weakness links between hosts, thereby protecting information security of the Company's businesses.

The Company has joined the Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC) organization, allowing us to obtain cybersecurity early warning intelligence, understand cybersecurity threats and vulnerability information, and report information security incidents in advance. This enables us to jointly maintain Taiwan's network security and enhance Taiwan's overall cybersecurity protection capabilities.

D. Management of safety rating

It is to determine rationality of the link source of the service host, whether the account involves abuse or misuse, and whether there is unknown service operating. VPN connection is subject to monitoring and restriction, and use of remote software is limited.

E. Continuity of Information Systems

We set up backup mechanisms and redundancy plans. Crucial systems and documents are backed up daily, weekly, and monthly. Backup data are stored on tape and stored at an international datacenter (IDC) as remote backup. Drill for Disaster recovery of system data are implemented regularly, so as to ensure runtime and data safety of information system, and reduce risks of data loss in the event of unexpected natural or human disasters.

F. Education and training

Information security as a subject is incorporated into orientation for new staff. Publicity for information security are scheduled to educate employees to be aware of information security and respect intellectual property, thereby protecting data of employees and the Company.

The Company held education and training courses for the topic of information in 2023, to provide employees with correct ideas.

| Item | Number of course | Total number of persons | Total person hour |
|--|------------------|-------------------------|-------------------|
| 1. Information security education publicity | 2 | 77 | 77 |
| 2. Information security promotion - email security and social engineering prevention | 2 | 56 | 56 |
| 3. Information security promotion - introduction and protection of ransomware | 2 | 51 | 51 |

The Company reports matters related to information security to the Board on a regular basis. The last report was made on January 19, 2024.

The Company's information department operates well in accordance with the set procedure, and in risk assessment performs rather fairly. Recently, in view that concerns of information security increase, the Company actively optimizes our measures for information security and equips employees with correct sense about information security, with the hope to reduce the Company's operation risk. In the most recent year and up to the date of printing of this annual report, no major security issue about information & communication happened.

VII. Major Contracts

| Nature of contract | Contractor | Start and end of term | Summary | Restrictions Terms and Conditions |
|---|--------------------------------------|-----------------------------|--|-----------------------------------|
| Non-exclusive patent licensing contract | E. I. du Pont de Nemours and Company | 2017/11/15– | Obtained non-exclusive patent licensing related to solar paste | Confidential |
| Consolidated credit agreement | Taiwan Cooperative Bank Co., Ltd. | March 7, 2019–March 7, 2024 | Credit limit contract (NT\$500 million) | None |
| Insurance Policy | Chung Kuo Insurance Company, Limited | 2023/01/05-2024/01/05 | Directors, Supervisors, and managerial personnel's Liability Insurance | None |

Six. Financial Overview

I. Concise balance sheet and consolidated profit and loss statement for the most recent five fiscal years

(I) Concise Balance Sheet and consolidated profit and loss statement

1. Concise Balance Sheet

(1) Consolidated Concise Balance Sheet-International Financial Reporting Standards

Unit: NT\$ thousand

| Year | | the Most Recent Five Fiscal Years financial data (Note 1) | | | | |
|--|---------------------|---|---------------|------------|------------|------------|
| Item | | 2019 | 2020 (Note 3) | 2021 | 2022 | 2023 |
| Current assets | | 6,612,192 | 7,358,954 | 6,166,601 | 5,216,617 | 4,631,903 |
| Property, plant and equipment | | 3,604,256 | 3,618,836 | 3,671,932 | 4,432,080 | 4,652,686 |
| Intangible assets | | 186,594 | 423,246 | 411,669 | 406,975 | 383,044 |
| Other assets | | 1,938,794 | 1,801,507 | 2,144,328 | 2,156,168 | 1,816,021 |
| Total assets | | 12,341,836 | 13,202,543 | 12,394,530 | 12,211,840 | 11,483,654 |
| Current cost | Before distribution | 2,918,743 | 5,400,067 | 3,070,447 | 2,028,124 | 2,103,694 |
| | After distribution | 3,044,593 | 5,530,334 | 3,070,447 | 2,028,124 | (Note 2) |
| Non-current liabilities | | 4,063,726 | 2,011,820 | 2,313,504 | 1,652,165 | 1,901,526 |
| Total indebtedness | Before distribution | 6,982,469 | 7,411,887 | 5,383,951 | 3,680,289 | 4,005,220 |
| | After distribution | 7,108,319 | 7,542,154 | 5,383,951 | 3,680,289 | (Note 2) |
| Interests attributed to owners of the parent company | | 4,733,084 | 5,296,765 | 6,409,115 | 7,587,938 | 6,639,509 |
| Capital stock | | 636,750 | 658,830 | 758,834 | 918,834 | 918,834 |
| Capital surplus | | 2,228,297 | 2,651,265 | 3,754,922 | 5,421,986 | 5,446,501 |
| Retained earnings | Before distribution | 2,311,869 | 2,378,445 | 1,910,480 | 1,401,962 | 586,639 |
| | After distribution | 2,186,019 | 2,248,178 | 1,910,480 | 1,401,962 | (Note 2) |
| Other equity | | (234,261) | (182,204) | (15,121) | (154,844) | (312,465) |
| Treasury shares | | (209,571) | (209,571) | - | - | - |
| Non-controlling interests | | 626,283 | 493,891 | 601,464 | 943,613 | 838,925 |
| Equity Total amount | Before distribution | 5,359,367 | 5,790,656 | 7,010,579 | 8,531,551 | 7,478,434 |
| | After distribution | 5,233,517 | 5,660,389 | 7,010,579 | 8,531,551 | (Note 2) |

Note 1: Financial data for the above-indicated years have received CPA auditing and attestation

Note 2: This annual report has not been adopted in the shareholder meeting as of the date of printing.

Note 3: As of the day this consolidated financial report is adopted and published, the required market valuation and other calculation have been completed. The original accounting treatment and the provisional amount of the consolidated company have been adjusted from the date of acquisition, and comparative information has been recompiled.

(2) Individual Concise Balance Sheet – International Financial Reporting Standards

Unit: NT\$ thousand

| Item | Year | the Most Recent Five Fiscal Years financial data (Note 1) | | | | |
|---|---------------------|---|---------------|-----------|-----------|-----------|
| | | 2019 | 2020 (Note 3) | 2021 | 2022 | 2023 |
| Current assets | | 5,362,278 | 5,901,971 | 4,178,338 | 3,046,120 | 2,759,244 |
| Property, plant and equipment | | 314,855 | 303,504 | 362,306 | 1,187,879 | 1,217,114 |
| Intangible assets | | 89 | 277,263 | 277,046 | 277,159 | 264,709 |
| Other assets | | 4,130,065 | 4,279,550 | 4,811,094 | 4,916,662 | 4,596,795 |
| Total assets | | 9,807,287 | 10,762,288 | 9,628,784 | 9,427,820 | 8,837,862 |
| Current liabilities | Before distribution | 2,662,109 | 5,028,648 | 2,248,342 | 1,385,008 | 1,310,861 |
| | After distribution | 2,787,959 | 5,158,915 | 2,248,342 | 1,385,008 | (Note 2) |
| Non-current liabilities | | 2,412,094 | 436,875 | 971,327 | 454,874 | 887,492 |
| Total indebtedness | Before distribution | 5,074,203 | 5,465,523 | 3,219,669 | 1,839,882 | 2,198,353 |
| | After distribution | 5,200,053 | 5,595,790 | 3,219,669 | 1,839,882 | (Note 2) |
| Equity attributed to owners of the parent company | | - | - | - | - | - |
| Capital stock | | 636,750 | 658,830 | 758,834 | 918,834 | 918,834 |
| Capital surplus | | 2,228,297 | 2,651,265 | 3,754,922 | 5,421,986 | 5,446,501 |
| Retained earnings Earnings | Before distribution | 2,311,869 | 2,378,445 | 1,910,480 | 1,401,962 | 586,639 |
| | After distribution | 2,186,019 | 2,248,178 | 1,910,480 | 1,401,962 | (Note 2) |
| Other equity | | (234,261) | (182,204) | (15,121) | (154,844) | (312,465) |
| Treasury shares | | (209,571) | (209,571) | - | - | - |
| Non-controlling interests | | - | - | - | - | - |
| Equity Total amount | Before distribution | 4,733,084 | 5,296,765 | 6,409,115 | 7,587,938 | 6,639,509 |
| | After distribution | 4,607,234 | 5,166,498 | 6,409,115 | 7,587,938 | (Note 2) |

Note 1: Financial data for the above-indicated years have received CPA auditing and attestation

Note 2: This annual report has not been adopted in the shareholder meeting as of the date of printing.

Note 3: As of the day this individual financial report is adopted and published, the required market valuation and other calculation have been completed. The original accounting treatment and the provisional amount of the consolidated company have been adjusted from the date of acquisition, and comparative information has been recompiled.

2. Concise consolidated profit and loss statement

(1) Concise consolidated profit and loss statement – International Financial Reporting Standards

Unit: NT\$ thousand

| Item \ Year | the Most Recent Five Fiscal Years financial data (Note 1) | | | | |
|--|---|-----------|-----------|-----------|-------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Operating revenues | 7,875,926 | 8,834,835 | 7,632,452 | 5,654,845 | 2,958,411 |
| Operating gross profits | 996,461 | 1,054,635 | 576,823 | 493,412 | (160,165) |
| Operating (loss) profits | 176,234 | 227,638 | (262,825) | (439,099) | (966,662) |
| Non-operating income and expenses | (135,434) | (100,989) | (171,107) | (77,643) | (207,140) |
| Net (loss) profits before tax | 40,800 | 126,649 | (433,932) | (516,742) | (1,173,802) |
| Continuing operations Net profit (loss) for the period | (14,456) | 68,124 | (445,878) | (572,031) | (1,202,854) |
| Loss of discontinuing operations | - | - | - | - | - |
| Net profits (loss) for the period | (14,456) | 68,124 | (445,878) | (572,031) | (1,202,854) |
| Other comprehensive income (loss) for the period (net amount after tax) | (73,203) | 43,162 | 204,057 | (128,435) | (157,220) |
| Total amount of consolidated (loss) profits for the period | (87,659) | 111,286 | (241,821) | (700,466) | (1,360,074) |
| Net profits (losses) attributable to owner of the parent company: | 188,928 | 200,239 | (375,458) | (495,153) | (810,576) |
| Net profits (loss) attributed to non-controlling interest | (203,384) | (132,115) | (70,420) | (76,878) | (392,278) |
| Total amount of consolidated (loss) profits attributed to owners of the parent company | 119,746 | 244,483 | (170,925) | (625,911) | (973,001) |
| Total amount of consolidated (loss) profits attributed to non-controlling interest | (207,405) | (133,197) | (70,896) | (74,555) | (387,073) |
| Earnings (loss) per share | 3.07 | 3.18 | (5.34) | (6.14) | (8.82) |

Note 1: Data for the above-indicated years have received CPA auditing and attestation

(2) Individual concise consolidated profits and loss statement – International Financial Reporting Standards

Unit: NT\$ thousand

| Item \ Year | the Most Recent Five Fiscal Years financial data (Note 1) | | | | |
|--|---|-----------|-----------|-----------|-----------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Operating revenues | 5,826,587 | 6,663,363 | 4,535,376 | 3,003,635 | 1,905,293 |
| Operating gross profits | 562,715 | 658,466 | 347,968 | 201,837 | 108,136 |
| Operating (loss) profits | 85,731 | 258,237 | (157,184) | (245,547) | (384,313) |
| Non-operating income and expenses | 36,099 | (18,983) | (248,719) | (244,098) | (426,263) |
| Net (loss) profits before tax | 121,830 | 239,254 | (405,903) | (489,645) | (810,576) |
| Continuing operations Net profit (loss) for the period | 188,928 | 200,239 | (375,458) | (495,153) | (810,576) |
| Loss of discontinuing operations | - | - | - | - | - |
| Net profits (loss) for the period | 188,928 | 200,239 | (375,458) | (495,153) | (810,576) |
| Other comprehensive income (loss) for the period (net amount after tax) | (69,182) | 44,244 | 204,533 | (130,758) | (162,425) |
| Total amount of consolidated (loss) profits for the period | 119,746 | 244,483 | (170,925) | (625,911) | (973,001) |
| Net profit attributable to owner of the parent company | 188,892 | 200,239 | (375,458) | (495,153) | (810,576) |
| Net profit attributed to non-controlling interest | - | - | - | - | - |
| Total amount of consolidated (loss) profits attributed to owners of the parent company | 119,746 | 244,483 | (170,925) | (625,911) | (973,001) |
| Total amount of consolidated (loss) profits attributed to non-controlling interest | - | - | - | - | - |
| Earnings (loss) per share | 3.07 | 3.18 | (5.34) | (6.14) | (8.82) |

Note 1: Data for the above-indicated years have received CPA auditing and attestation

(II) CPA names and audit opinions for the most recent five fiscal years

| Year | Firm Name | Name of accountant | Audit Opinion |
|------|---------------------|----------------------------------|---------------------|
| 2019 | Deloitte and Touche | Chung Ming-Yuan Huang Yu-Feng | Unqualified Opinion |
| 2020 | Deloitte and Touche | Chung Ming-Yuan Huang Yu-Feng | Unqualified Opinion |
| 2021 | Deloitte and Touche | Huang Yu-Feng Chung Ming-Yuan | Unqualified Opinion |
| 2022 | Deloitte and Touche | Huang Yu-Feng Chang Ya-Yun | Unqualified Opinion |
| 2023 | Deloitte and Touche | Chung Ming-Yuan Chang Ya-Yun | Unqualified Opinion |

II. Financial analysis for the most recent five fiscal years

1. Consolidated Financial Analysis – International Financial Reporting Standards

| Item | | Financial analysis for the most recent five fiscal years | | | | |
|--|---|--|--------|---------|---------|----------|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Finance Structure (%) | Debt to assets ratio | 56.57 | 56.13 | 43.43 | 30.13 | 34.87 |
| | Long-term fund to property, plant and equipment ratio | 261.44 | 215.60 | 253.92 | 229.77 | 201.60 |
| Solvency ratio (%) | Current ratio | 226.54 | 136.27 | 200.83 | 257.21 | 220.17 |
| | Quick ratio | 161.19 | 95.41 | 138.36 | 190.33 | 145.40 |
| | Interest coverage ratio | 1.15 | 1.94 | (4.47) | (6.35) | (21.29) |
| Operating ability | Receivables Turnover (times) | 2.63 | 3.39 | 3.63 | 4.14 | 2.61 |
| | Average Days to Collect Receivables | 139.00 | 108.00 | 100.55 | 88.16 | 139.84 |
| | Inventory Turnover (times) | 4.47 | 4.71 | 4.48 | 4.43 | 2.71 |
| | Payables Turnover (times) | 39.61 | 69.91 | 80.55 | 32.38 | 11.35 |
| | Average Days to Sell Inventory | 82.00 | 77.00 | 81.47 | 82.39 | 134.68 |
| | Property, Plant and Equipment Turnover (times) | 2.19 | 2.44 | 2.09 | 1.39 | 0.65 |
| | Total Assets Turnover (times) | 0.64 | 66.91 | 0.59 | 0.45 | 0.24 |
| Profitability | Return on Assets (%) | 1.41 | 1.37 | (2.98) | (4.19) | (9.79) |
| | Return on Equity (%) | (0.27) | 1.22 | (6.96) | (7.36) | (15.02) |
| | Net benefit before tax to paid-in capital ratio (%) | 6.40 | 19.22 | (57.18) | (56.23) | (127.74) |
| | Net Profit Margin (%) | (0.18) | 0.77 | (5.84) | (10.11) | (40.65) |
| | Earnings per share (NT\$) | 3.07 | 3.18 | (5.34) | (6.14) | (8.82) |
| Cashflow | Cash flow ratio (%) | 32.12 | 20.32 | 29.82 | 25.74 | (22.71) |
| | Cash flow adequacy ratio (%) | 51.10 | 70.64 | 85.07 | 125.86 | 94.20 |
| | Cash reinvestment ratio (%) | 9.70 | 11.54 | 7.97 | 4.74 | (4.61) |
| Degree of Leverage | Operating Leverage | 2.86 | 2.26 | (0.14) | 0.33 | 0.65 |
| | Degree of financial leverage | (1.82) | 2.43 | 0.77 | 0.86 | 0.95 |
| Specify reasons of changes in financial rates in the most recent two years (skip if increase/decrease is below 20%) | | | | | | |
| <p>(1) Reason of changes in solvency:</p> <p>The decrease in the current ratio from the previous year was mainly due to net cash outflow from operating activities this year and a decrease in current assets resulting from the acquisition of fixed assets.</p> <p>The decrease in the interest coverage ratio from the previous year was primarily due to an increased loss for the current period.</p> <p>(2) Reason of changes in operating ability:</p> <p>The decline in accounts receivable turnover rate and the increase in days sales outstanding were mainly because although the average accounts receivable amount increased due to the sharp rise in operating revenue in December, operating revenue for the year decreased, leading to a lower accounts receivable turnover rate compared to the same period last year.</p> <p>The decreases in inventory turnover rate and accounts payable turnover rate, as well as the increase in average days sales of inventory, were primarily due to a significant decline in cost of sales resulting from the impact of lower operating revenue this year. The average inventory and accounts payable increased due to the sharp rise in operating revenue in December and the early stocking up of materials in preparation for the Christmas and Lunar New Year holidays overseas, leading to decreases in inventory turnover rate and accounts payable turnover rate, as well as an increase in average days sales of inventory.</p> <p>The decreases in property, plant and equipment turnover rate and total asset turnover rate were mainly due to the decline in operating revenue for the year.</p> <p>(3) The profitability declined compared to the same period last year, mainly due to the poor gross margin performance resulting from the decrease in revenue this year.</p> <p>(4) The cash flow decreased compared to the same period last year, primarily due to the net cash outflow from operating activities this year.</p> | | | | | | |

Note 1: Financial data for the above-indicated years have received CPA auditing and attestation.

Note 2: As of the day this consolidated financial report is adopted and published, the required market valuation and other calculation have been completed. The original accounting treatment and the provisional amount of the consolidated company have been adjusted from the date of acquisition, and comparative information has been recompiled.

Note 3: Formulas of financial ratios

1. Financial Structure

(1) Liabilities to Assets Ratio = Total Liabilities / Total Assets.

(2) Long fund to Property, Plant and Equipment ratio = (Total Equity + Non-current Liabilities) / Net Property, Plant and Equipment.

2. Solvency

(1) Current Ratio = Current assets / current liabilities.

(2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities.

(3) Times Interest Earned = Net Benefit before Income Tax and Interest Expense / Interest Expense This Period.

3. Operating ability

(1) Receivables (including receivables and bills receivable generated from operating) Turnover = Net Sales / Average Bills Receivable (including receivables and bills receivable generated from operating) Balance.

(2) Average Days to Collect Receivables = 365 / Receivables Turnover.

(3) Inventory Turnover = Sales Costs / Average Inventory Amount.

(4) Payables (including payables and bills payable generated from operating) Turnover = Sales Costs / Average Payable (including payables and bills payable generated from operating) Balance.

(5) Average Days to Sell Inventory = 365 / Inventory Turnover.

(6) Property, Plant and Equipment Turnover = Net Sales / Net Amount Average Property, Plant and Equipment.

(7) Total Assets Turnover = Net Sales / Average Total Assets.

4. Profitability

(1) Return on Assets = [Profit or Loss After Tax + Interest Expense \times (1 - tax rate)] / Average Total Assets.

(2) Return on Equity = Profit or Loss After Tax / Average equity total amount.

(3) Net Profit Margin = Profit or Loss After Tax / Net Sales.

(4) Earnings per share = (attributed to owners of the parent company's loss or profit - Preferred stock dividends) / Weighted Average Issued Number of Shares.

5. Cash Flow

(1) Cash Flow Ratio = operating activities net cash flow / Current Liabilities.

(2) Net Cash Flow Adequacy Ratio = the Most Recent Five Fiscal Years operating activities net cash flow / the Most Recent Five Fiscal Years (Capital Expenditure + Inventory Increase + Cash Dividends).

(3) Cash Reinvestment ratio = (Operating Activities Net Cash Flow - cash dividends) / (Property, Plant and Equipment gross + Long-Term Investment + Other Non-Current Assets + Operation Fund).

6. Degree of Leverage

(1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expense) / Operating Income.

(2) Degree of Financial Leverage = Operating Income / (Operating Income - Interest Expense).

2. Individual Financial analysis -International Financial Reporting Standards

| Analysis Item (Note 2) | | Financial Analysis for the Most Recent Five Fiscal Years | | | | |
|------------------------|---|--|---------------|----------|---------|---------|
| | | 2019 | 2020 (Note 2) | 2021 | 2022 | 2023 |
| Financial Structure % | Debt to assets ratio | 51.74 | 50.78 | 33.44 | 19.52 | 24.87 |
| | Long-term fund to property, plant and equipment ratio | 2,269.36 | 1,889.15 | 2,037.07 | 677.07 | 618.43 |
| Solvency (%) | Current ratio | 201.43 | 117.37 | 185.84 | 219.94 | 210.49 |
| | Quick ratio | 176.29 | 93.99 | 155.67 | 176.72 | 152.61 |
| | Interest coverage ratio | 1.64 | 3.72 | (7.61) | (12.53) | (40.54) |
| Operating ability | Receivables Turnover (times) | 1.86 | 2.24 | 1.99 | 3.02 | 2.65 |
| | Average Days to Collect Receivables | 196 | 163 | 183.00 | 121 | 138 |
| | Inventory Turnover (times) | 6.77 | 6.47 | 4.50 | 4.40 | 2.75 |
| | Payables Turnover (times) | 42.39 | 107.14 | 80.88 | 21.73 | 7.97 |
| | Average Days to Sell Inventory | 54 | 56 | 81.00 | 83.00 | 133 |
| | Property, Plant and Equipment Turnover (times) | 18.06 | 21.55 | 13.62 | 3.88 | 1.58 |
| | Total Assets Turnover (times) | 0.53 | 0.65 | 0.44 | 0.32 | 0.21 |
| | Return on Assets (%) | 3.08 | 2.63 | (3.31) | (4.89) | (8.70) |
| Profitability | Return on Equity (%) | 4.15 | 3.99 | (6.41) | (7.08) | (11.39) |
| | Net benefit before tax to paid-in capital ratio (%) | 19.13 | 36.31 | (53.49) | (53.29) | (88.22) |
| | Net Profit Margin (%) | 3.24 | 3.01 | (8.28) | (16.49) | (42.54) |
| | Earnings per share (NT\$) | 3.07 | 3.18 | (5.34) | (6.14) | (8.82) |
| | Cash flow ratio (%) | 43.17 | 21.45 | 48.13 | 62.17 | (13.58) |
| Cash flow | Cash flow adequacy ratio (%) | 95.28 | 141.75 | 191.21 | 294.86 | 267.22 |
| | Cash reinvestment ratio (%) | 15.71 | 16.78 | 13.71 | 11.20 | (2.46) |
| Degree of Leverage | Operating Leverage | 2.06 | 1.12 | 0.58 | 0.73 | 0.75 |
| | Degree of financial leverage | (0.81) | 1.52 | 0.77 | 0.87 | 0.95 |

Reason for the change in finance ratio during the most recent two years. (skip if increase/decrease less than 20%)

(1) Reasons of changes in financial structure:

The increase in liabilities compared to the same period last year was mainly due to the surge in revenue of Yancheng Giga Solar Materials Corporation at the end of the period, which increased borrowings and thus the debt ratio.

(2) Reason of changes in solvency:

The decrease in the interest coverage ratio from the same period in the previous year was primarily due to an increased loss for the current period.

(3) Reason of changes in operating ability:

The decreases in inventory turnover rate and accounts payable turnover rate, as well as the increase in average days sales of inventory, were primarily due to a significant decline in cost of sales resulting from the impact of lower operating revenue this year. The average inventory and accounts payable increased due to the sharp rise in operating revenue in December and the early stocking up of materials in preparation for the Christmas and Lunar New Year holidays overseas, leading to decreases in inventory turnover rate and accounts payable turnover rate, as well as an increase in average days sales of inventory.

The decreases in property, plant and equipment turnover rate and total asset turnover rate were mainly due to the decline in operating revenue for the year.

(4) The profitability declined compared to the same period last year, mainly due to the poor gross margin performance resulting from the decrease in revenue this year.

(5) The cash flow decreased compared to the same period last year, primarily due to the net cash outflow from operating activities this year.

Note 1: Financial data for the above-indicated years have received CPA auditing and attestation

Note 2: As of the day this Individual Financial Report is adopted and published, the required market valuation and other calculation have been completed. The original accounting treatment and the provisional amount of the consolidated company have been adjusted from the date of acquisition, and comparative information has been recompiled.

Note 3: Formulas of financial ratios

1. Financial Structure

- (1) Liabilities to Assets Ratio = Total Liabilities / Total Assets.
- (2) Long fund to Property, Plant and Equipment ratio = (Total Equity + Non-current Liabilities) / Net Property, Plant and Equipment.

2. Solvency

- (1) Current Ratio = Current assets / current liabilities.
- (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities.
- (3) Times Interest Earned = Net Benefit before Income Tax and Interest Expense / Interest Expense This Period.

3. Operating ability

- (1) Receivables (including receivables and bills receivable generated from operating) Turnover = Net Sales / Average Bills Receivable (including receivables and bills receivable generated from operating) Balance.
- (2) Average Days to Collect Receivables = 365 / Receivables Turnover.
- (3) Inventory Turnover = Sales Costs / Average Inventory Amount.
- (4) Payables (including payables and bills payable generated from operating) Turnover = Sales Costs / Average Payable (including payables and bills payable generated from operating) Balance.
- (5) Average Days to Sell Inventory = 365 / Inventory Turnover.
- (6) Property, Plant and Equipment Turnover = Net Sales / Net Amount Average Property, Plant and Equipment.
- (7) Total Assets Turnover = Net Sales / Average Total Assets.

4. Profitability

- (1) Return on Assets = [Profit or Loss After Tax + Interest Expense \times (1 - tax rate)] / Average Total Assets.
- (2) Return on Equity = Profit or Loss After Tax / Average equity total amount.
- (3) Net Profit Margin = Profit or Loss After Tax / Net Sales.
- (4) Earnings per share = (attributed to owners of the parent company's loss or profit - Preferred stock dividends) / Weighted Average Issued Number of Shares.

5. Cash Flow

- (1) Cash Flow Ratio = operating activities net cash flow / Current Liabilities.
- (2) Net Cash Flow Adequacy Ratio = the Most Recent Five Fiscal Years operating activities net cash flow / the Most Recent Five Fiscal Years (Capital Expenditure + Inventory Increase + Cash Dividends).
- (3) Cash Reinvestment ratio = (Operating Activities Net Cash Flow - cash dividends) / (Property, Plant and Equipment gross + Long-Term Investment + Other Non-Current Assets + Operation Fund).

6. Degree of Leverage

- (1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expense) / Operating Income.
- (2) Degree of Financial Leverage = Operating Income / (Operating Income - Interest Expense).

III. Audit Committee's review report for the financial report for the most recent fiscal year

Giga Solar Materials Corporation
Audit Report of the Audit Committee

The Company's 2023 financial statements and consolidated financial statements prepared by the Board of Directors were audited by CPAs Chung Ming-Yuan and Chang Ya-Yun of Deloitte Taiwan with an audit report issued.

The foregoing business report, financial statement, and consolidated financial statement, together with the proposal of loss off-setting, were audited by Audit Committee and found to be proper. Thus, in accordance with article 14-4 of Securities and Exchange Act and Article 219 of Company Act, the report was signed.

To
The 2024 Annual General Meeting

Giga Solar Materials Corporation

Convener of the Audit Committee: Lo Shih-Wei

March 28, 2024

- IV. The financial report for the he most recent fiscal year: please refer to Appendix 1 following this annual report
- V. The company's individual financial report for the most recent fiscal year, CPA audited and attested: please refer to Appendix II following this annual report
- VI. Impact of financial difficulties suffered by the Company and affiliated enterprises thereof during the most recent fiscal year and as of the date of printing of this annual report, if any, on the Company's financial situation: None

Seven. Review and Analysis of Financial Situation and Financial Performance and Risk Factors

(I) Financial status analysis

1. Financial status comparative analysis

Unit: NT\$ thousand

| Item \ Year | December 31, 2022 | December 31, 2023 | Difference | |
|---|-------------------|-------------------|-------------|--------|
| | | | Amount | % |
| Current assets | 5,216,617 | 4,631,903 | (584,714) | (0.11) |
| Property, plant and equipment | 4,432,080 | 4,652,686 | 220,606 | 0.05 |
| Intangible assets | 406,975 | 383,044 | (23,931) | (0.06) |
| Other assets | 2,156,168 | 1,816,021 | (340,147) | (0.16) |
| Total assets | 12,211,840 | 11,483,654 | (728,186) | (0.06) |
| Current liabilities | 2,028,124 | 2,103,694 | 75,570 | 0.04 |
| Non-current liabilities | 1,652,165 | 1,901,526 | 249,361 | 0.15 |
| Total indebtedness | 3,680,289 | 4,005,220 | 324,931 | 0.09 |
| Capital stock | 918,834 | 918,834 | 0 | 0.00 |
| Capital surplus | 5,421,986 | 5,446,501 | 24,515 | 0.00 |
| Retained earnings | 1,401,962 | 586,639 | (815,323) | (0.58) |
| Other equity | (154,844) | (312,465) | (157,621) | 1.02 |
| Treasury shares | - | - | - | - |
| Non-controlling interests | 943,613 | 838,925 | (104,688) | (0.11) |
| Total Amount of Shareholders' Equity | 8,531,551 | 7,478,434 | (1,053,117) | (0.12) |
| For a change being 20% or more and amounting to NT\$30 million or more, specify its reason and effects: | | | | |
| 1. Reserve earnings decreased: mainly because of loss in the current fiscal year. | | | | |
| 2. Decrease in other equity interests: Mainly due to an increase in unrealized valuation loss in financial assets at fair value through other comprehensive income. | | | | |

Note: As of the day this consolidated financial report is adopted and published, the required market valuation and other calculation have been completed. The original accounting treatment and the provisional amount of the consolidated company have been adjusted from the date of acquisition, and comparative information has been recompiling.

2. If impact is major, specify future measures: the indicated change had no major effect on the company finance and business.

(II) Financial performance analysis

1. Operating Result Comparison

Unit: NTD thousand

| Account \ Year | 2022 | 2023 | Increase (decrease) amount | Increase (decrease) rate % |
|---|-------------|-------------|----------------------------------|----------------------------------|
| Operating revenues | 5,654,845 | 2,958,411 | (2,696,434) | (0.48) |
| Operating costs | (5,161,433) | (3,118,576) | 2,042,857 | (0.40) |
| Operating gross profits | 493,412 | (160,165) | (653,577) | (1.32) |
| Operating expenses | (932,511) | (806,497) | 126,014 | (0.14) |
| Operating net profit (loss) | (439,099) | (966,662) | (527,563) | 1.20 |
| Non-operating income and expenses | (77,643) | (207,140) | (129,497) | 1.67 |
| Net profit (loss) before Tax | (516,742) | (1,173,802) | (657,060) | 1.27 |
| Income tax expenses | (55,289) | (29,052) | 26,237 | (0.47) |
| Net profit (loss) for the period | (572,031) | (1,202,854) | (630,823) | 1.10 |
| Other comprehensive income | (128,435) | (157,220) | (28,785) | 0.22 |
| Total comprehensive income for the period | (700,466) | (1,360,074) | (659,608) | 0.94 |

For a change being 20% or more and amounting to NT\$30 million or more, specify its reason and effects:

1. The decreases in operating income, costs, gross profit, and operating income: mainly due to the decline in revenue during the current period, which was impacted by competition from other manufacturers and the international trade war, resulting in underutilized capacity and lower gross profit and operating income.
2. The increase in non-operating income and expenses: primarily attributable to the increase in impairment losses and the decrease in foreign exchange gains during the current year.
3. The decrease in income tax expenses: mainly due to a loss in the current period.
4. Net profit decreased in this period decreased: mainly because operating income and gross profit decreased in the current fiscal year.
5. Other comprehensive income decreased: mainly because fair value of financial instrument in accordance with Fair Value Measurement Equity Instrument decreased in the current fiscal year.
6. This period total comprehensive income decreased: mainly because net profit decreased in the current fiscal year.

2. Expected sales and ground, potential impact on the Company's future financial operations and measurers:

The Company's core product is solar paste, so the future sales have close connection with development of the solar photovoltaic industry. In 2023, the world will start a new, post pandemic period. Therefore, solar devices to help people get rid of the dark shadow of the pandemic will welcome a new peak of demand, and are rather promising. Most forecasters say 2023 a year to see development potential of photovoltaics devices. The full-year demand for modules will be 200-220GW. The global solar industry helps accomplish the carbon reduction goal. Therein, China, Europe, and the US jointly take up about 70% of the global volume. Since solar systems now can generate power in a stable yet inexpensive way, and suppliers are now settling down after a fierce contest, also making demands balanced at low to wait for a new order, the Company will continuously work hard to improve conversion efficiency, thereby increasing the benefit margin. Also, in recent years, the Company has actively expanded its business scope, including cell materials and semiconductor-related manufacturing processes. It is the current situation that competition around solar pastes are getting fiercer, yet the global solar market is limited as affected by the governments' policies. The Company has the ambition of enhancing its overall profitability and improving its competitive advantage. This end, the Company continuously refine paste materials for solar cells, and vertically stretch its arm to reach special materials to enrich its development of paste materials, while horizontally trying to on one hand develops materials used in the energy saving industry and on the other hand develop reclaim wafers and dummy wafers in the semiconductor industry. To be specific, we have re-invested in tronetek energy company for electric buses, and work with Green Energy Electrode, Inc. to produce cathode materials used in energy storage cells. The Company also investigates Si-C anode used in electric vehicles and energy storage devices. Another re-investment has been made to Hua Hsu Company for novel semiconductor process. All these prove that the Company has an ambitious portfolio of energy materials. With the growth of EV industry, the Company will be able to benefit from its proactive roadmap and reaped revenue from its diverse products, thereby maintaining overall competitiveness and shine in all its operations.

(III) Cash Flow Analysis

1. Analysis of cash flow changes during the most recent fiscal year

Unit: NTD thousand

| Beginning cash balance (1) | Whole-year net cash flow from operating activities (2) | Full-year cash inflows (outflows) (3) | Cash surplus (deficit) (1)+(2)+(3) | Remedial measures for cash deficit | |
|---|--|--|---------------------------------------|------------------------------------|--------------------|
| | | | | Investment plan | Financial Planning |
| 2,781,496 | (477,880) | (226,653) | 2,076,963 | - | - |
| Changes in cash flow 2023: | | | | | |
| (1) Operating activities: The net cash outflow from operating activities was primarily due to the increase in revenue at the end of the period, resulting in outstanding accounts receivable, as well as early stockpiling of materials for the New Year's Day and Lunar New Year holidays. | | | | | |
| (2) Investment and financing activities: continuous investment in new products increased cash outflow. | | | | | |

2. Plans for improvement in liquidity: None.

3. Cash liquidity analysis for the coming year

Unit: NTD thousand

| Beginning cash balance (1) | Estimated whole-year net cash flow operating activities (2) | Estimated whole-year cash inflow (outflow) (3) | Estimated cash surplus (deficit) amount (1) + (2) - (3) | Remedial measures for the expected cash deficiency | |
|--|---|---|--|--|--------------------|
| | | | | Investment plan | Financial Planning |
| 2,076,963 | 600,000 | (200,000) | 2,876,963 | - | - |
| 1. Changes in cash flow: | | | | | |
| (1) Operating activities: estimated cash flowing in because operating activities succeed and receivables as well as inventory are properly controlled. | | | | | |
| (2) Investment and financing activities: Estimated cash flowing out through investment and financing activities directed to capital expenditure used for expanding production. | | | | | |

(IV) The annual report shall describe the effect upon financial operations of any major capital expenditures during the most recent fiscal year: None.

(V) The annual report shall describe the company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:

The Company has started its journey from renewable energy and taken an environment-centered roadmap. Down to product portfolio, we have long focused on material technologies, and have seen fruits in the sector of solar paste. As we continuously go deep into development of solar materials, on the other hand, we make re-investment cautiously. By re-investing Hua Hsu Optotech Co., Ltd., we have stepped into the semiconductor industry. We also re-invested in Green Energy

Electrode Inc. for cathode materials used in EVs and cells. The C-Si anode developed by the Company has been rolled out for mass manufacturing to be used in EVs and energy storage. However, considering the longer time the verification of semiconductor and energy materials requires, we will aggressively cut spending before the verification completes, and expect these products to become the Company's new profit sources after mass production.

The Company's gain /loss from re-investment in the most recent fiscal year, main reasons and improvement plans:

1. The Company re-invests Giga Solar Materials in Yancheng. During this period, under the COVID-19 pandemic, cross-strait travel was limited and this adversely affected our reaction in business, leading to reduced sales. Besides this, with many manufacturers strongly emerged from Chain, solar products experienced fast substitution and the benefit margin thus significantly narrowed. As a response to this, the Company continuously develops novel, high-performance products, implements strict control on costs, and enhances local business capability. Revenues have been actively increasing since the second half of 2023, and it is expected to turn profits in 2024.
2. The Company's re-investee, Hua Hsu Company, has suffered from China's energy policies and the China-US trade war in the last two years. Besides this, both the diamond wire and its test in the semiconductor industry were below expectations. Nevertheless, Hua Hsu Company persists in its work in R&D, with the attempts to increase product Items, improve product quality, and control costs. These efforts have translated into revenue and contributed to increased gross profit.

Investment plans for the coming year:

We will continuously work in energy materials, including cathode materials and C-Si anode for electric vehicles, and increase the overall benefit margin for the company.

(VI) Analysis and evaluation of risk exposure for the most recent fiscal year and as of the date of printing of this annual report:

1. The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

The Company generally sells products and makes procurement in US dollars, and maintains a long receivables turnover period for its subsidiaries. For these reasons, the Company holds a net long USD position, so changes in exchanges do

have impact on the Company benefits. The Company thus takes the following measures:

- ① Our financial department watches political and economic situations and dynamics around the world closely, and keeps communications with financial institutions to collect real-time information on changes in exchange rates, so as to have foresight to take proactive action.
- ② Our financial staff helps the Company hold appropriate exchange position according to recent exchange trends and decide optimal timing to conduct transactions, so as to protect the Company's profits from changing exchange rates.
- ③ We masters natural hedges against exchange rates through offsets between USD assets and USD liabilities.

The Company's gain or loss from exchange is highly dependent on trends of exchange rates of USD to NTD and USD to PHP. Significantly decrease in exchange gain this year is mainly the result of depreciation of USD.

2. The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

The Company does not take any high-risk or highly leveraged investment. We loaned to and endorsed subsidiaries for effective use of the Group's resources, yet all these were performed in accordance with the Company's Operating procedures of Loans to Others, Operating procedures of Endorsement and applicable laws and regulations. Information of the above fact is published annually through the Market Observation Post System as required by law for investors' reference

3. Research and development work to be carried out in the future, and further expenditures expected for research and development work:

The Company mainly places its R&D efforts on electronic paste materials and energy storage materials. Future R&D works include, at the side of electronic paste materials, improving performance of solar paste, so as to improve conversion efficiency of solar cells; and, on the side of energy storage materials, developing Si-O-Si materials as anode materials for lithium cells to help improve lithium cells in terms of energy density and reduce the weight of unit energy, thereby contributing to realization of lightweight cells;

The Company had an investment in R&D summing up to NTD\$314,157 thousand in 2023, more than the amount NT\$305,606 thousand of 2022. In the

future, as we expand our business scope and introduce new products, our R&D budget will increase for improving product competitiveness, and securing the Company's leading position.

The Company expects to invest a sum of NT\$330,000 thousand in R&D in 2024. The increase is mainly to support our plan for developing materials used in cathode and anode cells. Hua Hsu Company also plans to increase its R&D investment for building the new manufacturing process for semiconductor products.

4. Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The Company will closely watch global trends around solar policies and the solar industry as well as regulatory changes, so as to be always aware of the market situation. By doing so, we can better protect the Company's financial operations from political and legislative changes.

5. Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

N-type Topcon cells and HJT cells are expected to be future technical stars that replace P-type PERC cells. The Company has been working hard on researching and developing Topcon and HJT paste materials and has been technically certified by leading cell makers. The Company stays close to changes in the industry and on the market and thus confirms that no significant or major technical or Industrial change that could significantly affect the Company's financial operations happened in the most recent fiscal year and as of the date of printing of this annual report.

6. Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

Since its incorporation, the Company has actively strengthened its operation and management and conform to all applicable laws and regulations, so as to maintain its good enterprise image. In September 2008, acquisition of the photovoltaic material division of Gigastorage Corporation made the Company replace a multinational dealer to become one of the worlds' top-four solar paste manufactures. The Company has a great contribution to the development of the solar industry in Taiwan and has no negative effect on its enterprise image. Nothing happened in the most recent fiscal year and as of the date of printing of this annual report that changed our enterprise image and brought about risks to

the enterprise.

7. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

8. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

The Company invested in expansion by acquiring facilities and lands in Hsinchu Industrial Park in 2022 to be used plants for mass manufacturing of cell materials. After the completion expected in 2024, the energy storage business unit's capacity can be increased, which is expected to meet customer order demands, thereby enhancing the company's revenue and customer satisfaction. The Company's capital expenditures for capacity expansion and equipment purchases have been met with its operating funds, and bank borrowings will be utilized in a timely manner for adjustment. Therefore, there is no significant impact on the company.

9. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

- (1) Risks associated with consolidation of purchasing operations and mitigation measures being taken:

The raw materials currently used by the Company, like metal powder, glass powder, and chemicals, are items less subject to shortage, and thus no long-term supply contract has been entered into. The Company has good relationship with its subsidiaries and suppliers. For each of the raw materials, contact with two or more suppliers is maintained. During the most recent two years, some of the suppliers have had an individual share of more than 20% of the total purchase, and the Company is thus exposed to risks associated with any consolidation of purchasing operations. The following mitigation measures have been taken:

The Company has introduced OEM and renting silver ingots to reduce turnover and stocking time while mitigating risk exposure from consolidation. The Company every month communicate with suppliers to confirm or update the exact needs for the coming month.

- (2) Risks associated with consolidation of sales and mitigation measures being taken:

As for sales, the Company has its customer groups rather distributed and conducts mainly direct selling. In the recent year we have not seen any customer solely accounting for 20% of our total sales, so it is unlikely there is consolidation-related risk.

10. Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed

hands, and mitigation measures being or to be taken: No large transfer took place in 2023.

11. Not applicable. Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: Not applicable.
12. Litigious and non-litigious matters; list major litigious, non-litigious or administrative disputes that: involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.
13. Other important risks, and mitigation measures being or to be taken: None

(VII) Other major matters:

1. Plans for management of intellectual property and implementation thereof

The Company has always expected itself to be an industry leader. This vision has been realized by actively developing proprietary products, maintaining an elaborate patent portfolio, and most importantly, protecting business secrets. For safeguarding the Company's valuable R&D outcomes and preventing any loss about this, the Company has set up management rules and a roadmap:

(1) Plans for management of patent rights

Periodic proposals of patent applications: the Company make preliminary examination of internal proposals, and a review meeting is periodically called to review the proposals passing the preliminary examination against certain indicators of technological capability. The proposals that received internal approval are then subject to a case-specific strategy for application.

Annual assessment and renewal: Granted patents are subject to annual assessment to evaluate their renewal against maintenance costs and necessity.

Encouragement of innovative proposals: the Company has set up an incentive system to inspire employees' innovations. Any innovation granted with IP rights will receive additional bonus and public recognition.

Monitoring competitors: the Company continuously watches its peers' movements about application filing and analyses their applications.

IP-related publicity: the Company regularly holds internal training about patent information.

(2) Plans for management of trademark rights

Proposals of trademark registration: considering that the Company's products are sold globally, we regularly review market news and sales of products to ensure trademark rights have been secured for all major markets.

Periodical assessment and renewal: Registered trademarks are subject to decadal assessment to evaluate their renewal against maintenance costs and necessity.

(3) Plans for management of business secrets

Publicity for internal information security: the Company holds internal lectures featuring external experts or in-house legal personnel to publicize and educate employees about importance of information protection and business secrets.

Continuing education outside the Company: Our legal personnel frequently attend seminars or courses about business secrets held by the authorities, so as to sharpen their legal discipline and update themselves with latest insights into

practices.

Hierarchical management: At the side of hardware, control measure implemented include zone-based access control, visitor registration, prohibition of taking photos and filming, restricted use of computer storage devices, email outgoing control, etc. At the side of software, control measure implemented include using a classified documentation system, where employees are authorized hierarchically to prevent unauthorized disclosure.

Implementation:

For matters about management of patent rights, trademark rights, and business secrets, the Company periodically to the Board, and the most recent submission was implemented on January 12, 2023.

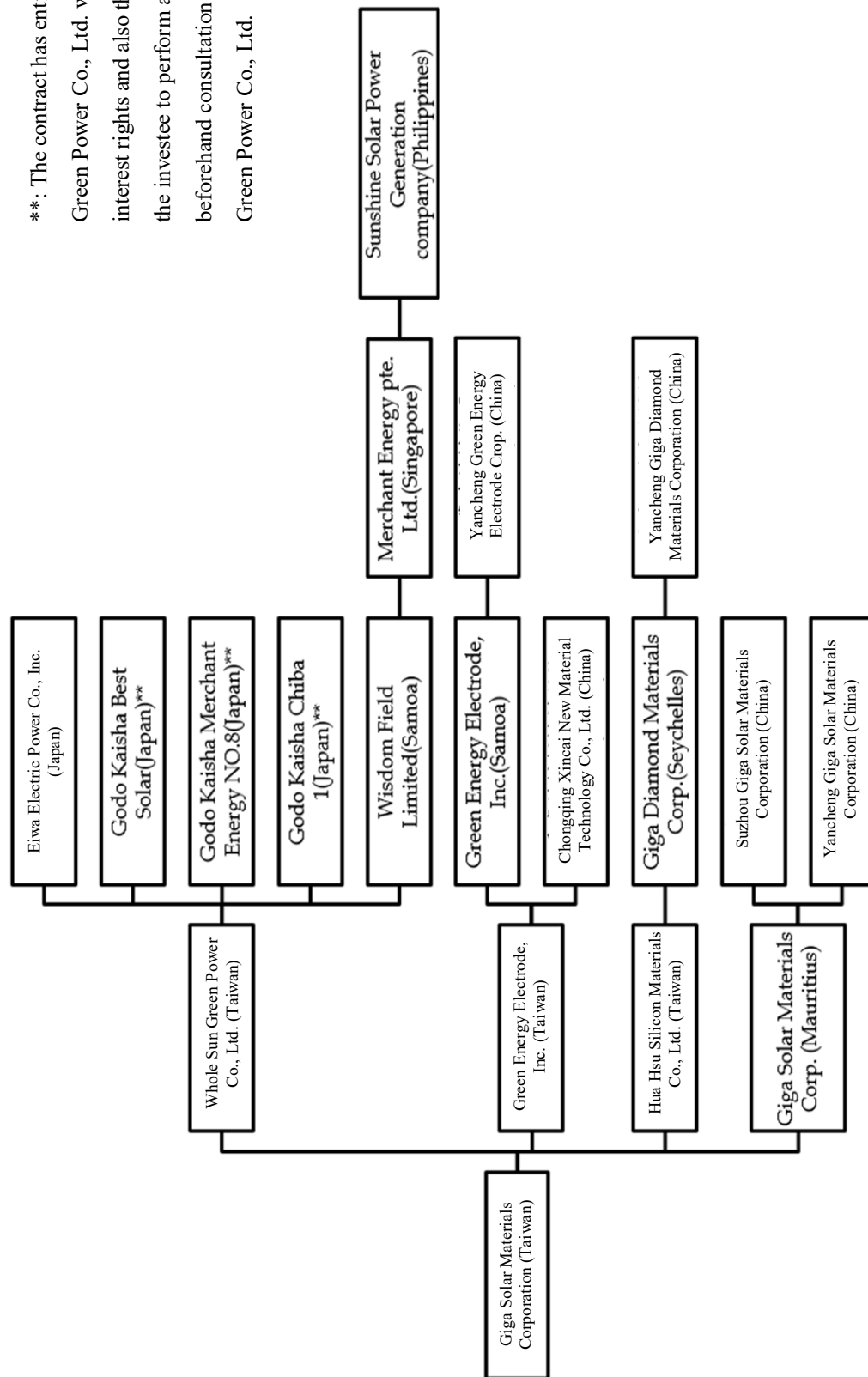
The Company in 2023 held education and training about management of intellectual property, so as to initiate employee into the concept.

| Item | Number of course | Total number of persons | Total person hour |
|---|------------------|-------------------------|-------------------|
| Trade secrets and fraud prevention advocacy | 1 | 51 | 51 |

Eight. Special Records

I. Information on Affiliated Enterprises:

1. Organization Charts of Affiliated Enterprises (as of Dec. 31, 2023)



2. Basic information on affiliates and the industries they cover (Unit: NTD, USD, JPY/thousands)

| Company Name | Date of Incorporation | Address | Paid-in capital | Principal Business |
|---|-----------------------|---|-----------------------|--|
| Green Energy Electrode, Inc. | March 2009 | 1F., No. 3, Gongye 1st Rd., Hsinchu Industrial Park, Hukou Township, Hsinchu County | 427,732 | Manufacturing and sale of energy materials |
| Giga Solar Materials Corp. (Mauritius) | January 1, 2011 | Level 3. Alexander House, 35 Cybercity, Ebene, Mauritius. | USD25,900 + CNY45,437 | General investment |
| Suzhou Giga Solar Materials Corporation | July 2011 | Site 01-04, Room 1301, Floor 13, Tayun Plaza, No. 188, Tayun Road, Yuexi Residential District, Wuzhong Economic and Technological Development Zone, Suzhou (Group Registration) | USD3,000 | Technical services for photovoltaics process commissioning |
| Whole Sun Green Power Co., Ltd. | January 2012 | 1F., No. 18, Ziqiang Rd., Hukou Township, Hsinchu County | 1,265,169 | Solar Energy Related Business |
| Wisdom Field Limited (Samoa) | November 2012 | Offshore Chambers, P.O. Box 217, Apia, Samoa | USD 37,110 | General investment |
| Eiwa Electric Power Co., Inc. | August 2013 | Fukushima, Japan | ¥ 26,000 | Solar Energy Related Business |
| Merchant Energy Pte. Ltd. | October 2015 | 152 Beach Road #14-03 Gateway East Singapore (189721) | USD32,300 | General investment |
| Sunshine Solar Power Generation company (Philippines) | December 2015 | 17th Floor, Lepanto Building, Paseo de Roxas, Makati City, Philippines | PHP1,325,342 | Solar Energy Related Business |
| Hua Hsu Silicon Materials Co., Ltd. | December 2015 | No. 8, Gongyequ 10th Rd., Xitun Dist., Taichung City | 1,020,709 | Manufacturing of metal wire products, manufacturing of electronic components, trading and other related businesses |
| Yancheng Giga Solar Materials Corporation | January 2016 | No. 108, Wutaishan Road, Yancheng Economic and Technological Development Zone, Jiangsu | USD22,900 + CNY35,000 | Technical services for photovoltaics process commissioning |
| Giga Diamond Materials Corporation (Seychelles) | January 2016 | 1st Floor, #5 DEKK House, De Zippora Street, Providence Industrial Estate, Maché, Republic of Seychelles | USD21,200 | General investment |
| Yancheng Giga Diamond Materials Corporation | June 2016 | No. 108, Wutaishan Road, Yancheng Economic and Technological Development Zone, Jiangsu | USD21,200 | Production, manufacturing and sale of wire materials |
| Green Energy Electrode, Inc(Samoa) | August 2018 | Level2, Lotemau Centre Building, Vaea Street, Apia, Samoa | USD 6,000 | General investment |
| Yancheng Green Energy Electrode Crop. | February 2019 | Building 5, No. 108, Wutaishan Road, Yancheng Economic and Technological Development Zone, Jiangsu | USD 6,000 | Lithium battery material manufacturing, research and development, and lithium-ion battery technology development and consulting services |
| Chongqing Shin Tsai New Material Technology Co., Ltd. | December 2022 | Room 1-1, No.20, Qixin Avenue, Yanjia Street, Changshou District, Chongqing City | USD 6,000 | Lithium battery material manufacturing, research and development, and lithium-ion battery technology development and consulting services |

Note 1: Godo Kaisha Best Solar, Godo Kaisha Chiba 1 and Godo Kaisha Merchant Energy NO.8 are investees the Company invested according to Japan TK-GK framework. While the investment brings no voting right to the inventor, the investees are excluded from the table above. However, the contact has entitled the Company with share economic interest rights and also the rights to request the investee to perform any major decision in beforehand consultation with the Company, so the Company is included in the table above.

3. Information on Directors, Supervisors, and General Managers of Affiliated Enterprises

Unit: share; %; Date: March 31, 2024

| Company Name | Job title | Name or Representative | Shareholding | |
|---|----------------------|---|------------------|---------|
| | | | Number of Shares | Ratio |
| Green Energy Electrode, Inc. | Directors | Yang Sheng-Ru | 630,692 | 1.47% |
| | Directors | Chen Chi-Ming | 260,000 | 0.61% |
| | Directors | Huang Chen-Sheng | 240,000 | 0.56% |
| | Supervisor | Giga Solar Materials' Representative: Huang Wen-Jui | 22,588,759 | 52.81% |
| Giga Solar Materials Corp. (Mauritius) | Directors | Giga Solar Materials' Representative: Chen Chi-Ming | 25,900,000 | 100.00% |
| Suzhou Giga Solar Materials Corporation | Directors | Giga Solar Materials' Representative: Chen Chi-Ming | - | 100.00% |
| | Directors | Giga Solar Materials' Representative: Huang Wen-Jui | | |
| | Directors | Giga Solar Materials' Representative: Chen Yi-Chou | | |
| | Supervisor | Giga Solar Materials' Representative: Chen Yuan-Yu | | |
| Whole Sun Green Power Co., Ltd. | Directors | Giga Solar Materials' Representative: Chen Chi-Ming | 126,516,924 | 100.00% |
| | Directors | Giga Solar Materials' Representative: Huang Wen-Jui | | |
| | Directors | Giga Solar Materials' Representative: Yan Guang-Fu | | |
| | Supervisor | Giga Solar Materials' Representative: Lin Jiang-Ching | | |
| Wisdom Field Limited (Samoa) | Directors | Whole Sun Green Power's Representative: Chen Chi-Ming | 37,110,000 | 100.00% |
| Eiwa Electric Power Co., Inc. | Director | Whole Sun Green Power's Representative: Chen Chi-Ming | - | 100.00% |
| | Director | Whole Sun Green Power's Representative: Huang Wen-Jui | | |
| Hua Hsu Silicon Materials Co., Ltd. | Directors | Giga Solar Materials' Representative: Huang Wen-Jui | 35,026,684 | 34.32% |
| | Directors | Wu, His-Kun | 906,801 | 1.24% |
| | Directors | Li Jui-Chu | 0 | 0 |
| | Independent Director | Lo Shih-Wei | 0 | 0 |
| | Independent Director | Lin Po-Wen | 0 | 0 |
| | Independent Director | Kan Chiung-Yao | 0 | 0 |
| Merchant Energy Pte. Ltd. | Directors | Wisdom Field Limited's Representative: Chen Chi Ming | - | 87.00% |
| | Directors | Tsai Lii Chyuan | | 13.00% |
| | Directors | Huang Wen Jui | | |
| | Directors | Yen Meng Heng | | |
| | Directors | Lo Shan-Yi | | |
| | Directors | Titan Solar Limited's Representative: Hsieh Edward Yuan-I | - | |
| Sunshine Solar Power Generation company (Philippines) | Directors | Philip King Yap/ Clark Lawton Yap/ Chase Leonard S. Yap/ Veronica Abordo/ Merchant Energy Pte. Ltd. | - | 39.93% |

| Company Name | Job title | Name or Representative | Shareholding | |
|---|---|--|------------------|---------|
| | | | Number of Shares | Ratio |
| Yancheng Giga Solar Materials Corporation | Directors Directors Directors Supervisor | Giga Solar Materials' Representative: Chen Chi-Ming Giga Solar Materials' Representative: Huang Wen-Jui Giga Solar Materials' Representative: Liang Hsin-Kuo Giga Solar Materials' Representative: Chen Yuan-Yu | - | 100.00% |
| Giga Diamond Materials Corporation (Seychelles) | Directors | Giga Diamond Materials' Representative: Huang Wen-Jui | 19,200,000 | 100.00% |
| Yancheng Giga Diamond Materials Corporation | Directors Directors Directors Supervisor | Giga Diamond Materials' Representative: Chen Chi-Ming Giga Diamond Materials' Representative: Huang Wen-Jui Giga Diamond Materials' Representative: Chen Yi-Zhou Giga Diamond Materials' Representative: Chen Yuan-Yu | - | 100.00% |
| Green Energy Electrode, Inc.(Samoa) | Directors | Green Energy Electrode, Inc.'s Representative: Yang Sheng-Ru | 6,000,000 | 100.00% |
| Yancheng Green Energy Electrode Corp. | Directors Directors Directors Supervisor | Green Energy Electrode, Inc.'s Representative: Yang Sheng-Ru Green Energy Electrode, Inc.'s Representative: Huang Cheng-Sheng Green Energy Electrode, Inc.'s Representative: Li Ming-Tsung Green Energy Electrode, Inc.'s Representative: Huang Wen-Jui | - | 52.81% |
| Chongqing Shin Tsai New Material Technology Co., Ltd. | Directors Directors Directors Supervisor | Green Energy Electrode, Inc.'s Representative: Yang Sheng-Ru Green Energy Electrode, Inc.'s Representative: Huang Cheng-Sheng Green Energy Electrode, Inc.'s Representative: Li Ming-Tsung Green Energy Electrode, Inc.'s Representative: Huang Wen-Jui | 6,000,000 | 52.81% |

Note 1: Godo Kaisha Best Solar, Godo Kaisha Chiba 1 and Godo Kaisha Merchant Energy NO.8 are investees the Company invested according to Japan TK-GK framework. While the investment brings no voting right to the inventor, the investees are excluded from the table above. However, the contract has entitled the Company with share economic interest rights and also the rights to request the investee to perform any major decision in beforehand consultation with the Company, so the Company is included in the table above.

4. Operation Overview of Affiliated Enterprises:

Unit: NTD thousand

| Company Name | Year | Capital Amount | Assets Total amount | cost Total amount | Net Value | Open for business Revenues | Open for business Profit (loss) | After Tax Profit or Loss for the Period | Per share Earnings (NTD) |
|---|------|----------------|---------------------|-------------------|-----------|----------------------------|---------------------------------|---|--------------------------|
| Whole Sun Green Power Co., Ltd. | 2023 | 1,265,169 | 1,652,580 | 143,097 | 1,509,483 | 27,288 | 8,386 | 57,121 | 4.515 |
| Eiwa Electric Power Co., Inc. | 2023 | 15,070 | 371,491 | 332,180 | 39,311 | 0 | (6,292) | 23,021 | Not applicable |
| Godo Kaisha Best Solar (Note 1) | 2023 | 44,939 | 120,887 | 77,044 | 43,843 | 24,382 | 10,053 | 8,448 | Not applicable |
| Godo Kaisha Chiba 1 (Note 1) | 2023 | 96,328 | 226,709 | 168,507 | 58,203 | 0 | (15,114) | (16,264) | Not applicable |
| Godo Kaisha Merchant Energy No. 8 (Note 1) | 2023 | 69,325 | 1,066,345 | 928,454 | 137,892 | 177,268 | 73,581 | 51,510 | Not applicable |
| Wisdom Field Limited | 2023 | 1,173,221 | 394,293 | 0 | 394,293 | 0 | (4,792) | (4,792) | Not applicable |
| Merchant Energy Pte. Ltd. | 2023 | 876,296 | 96,516 | 236 | 96,280 | 0 | (16,072) | (14,509) | Not applicable |
| Sunshine Solar Power Generation company (Philippines) | 2023 | 814,827 | 640,315 | 731,894 | (91,579) | 0 | (10,172) | (16,794) | Not applicable |
| Green Energy Electrode, Inc. | 2023 | 427,732 | 304,013 | 7,347 | 296,666 | 325 | 24,237 | (293,991) | (130.15) |
| Green Energy Electrode, Inc. | 2023 | 176,342 | 190,540 | 0 | 190,540 | 0 | (272,616) | (272,616) | Not applicable |
| Yancheng Green Energy Electrode Crop. | 2023 | 176,342 | 174,426 | 370,794 | (196,367) | (8,543) | (255,542) | (272,616) | Not applicable |
| Hua Hsu Silicon Materials Co., Ltd. | 2023 | 1,143,870 | 1,675,496 | 580,355 | 1,095,141 | 299,438 | (219,879) | (381,253) | (168.78) |
| Giga Diamond Materials Corporation (Seychelles) | 2023 | 652,782 | 0 | 338,877 | (338,877) | 0 | 0 | (164,944) | Not applicable |
| Yancheng Giga Diamond Materials Corporation | 2023 | 652,782 | 338,287 | 677,164 | (338,877) | 118,637 | (112,251) | (162,242) | Not applicable |
| Giga Solar Materials Corp. (Mauritius) | 2023 | 788,490 | 812,187 | 0 | 812,187 | 0 | (63,446) | (63,446) | Not applicable |
| Suzhou Giga Solar Materials Corporation | 2023 | 88,625 | 69,682 | 0 | 69,682 | 0 | (1,729) | (8,856) | Not applicable |
| Yancheng Giga Solar Materials Corporation | 2023 | 861,430 | 1,789,980 | 1,080,378 | 709,603 | 607,486 | (95,752) | (49,072) | Not applicable |

Note 1: Whole Sun Green Power Co., Ltd. has invested Godo Kaisha Best Solar, Godo Kaisha Chiba 1 and Godo Kaisha Merchant Energy NO.8 according to Japan TK-GK framework. While the investment brings no voting right to the investor, the contract has entitled Whole Sun Green Power Co., Ltd. with share economic interest rights and also the rights to request the investee to perform any major decision in beforehand consultation with Whole Sun Green Power Co., Ltd.

5. The companies should be incorporated into the consolidated financial statements of affiliated enterprises by the Company in accordance with “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the fiscal year 2023 (from Jan. 1, 2023 to Dec. 31, 2023) are identical to the companies that should be incorporated into the parent-subsidary consolidated financial statements as provided in International Accounting Standards No. 27, and the information should be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the foregoing parent–subsidiary consolidated financial statement, so no consolidated financial statement of affiliated enterprises is prepared separately.

6. Relationship Report: None.

- II. For reporting handling of private placements of securities during the most recent fiscal year and as of the date of printing of this annual report, the information to be disclosed include the date on which the private placement was approved at a shareholders' meeting and the amount thus approved; the basis for and reasonableness of the pricing; the manner in which the specified persons were selected (where the offerees have already been arranged, the names of the offerees and relationship between the offerees and the Company shall also be described); the reasons why the private placement was necessary; the targets of the private placement, their qualifications, subscription amounts, relationship with the Company, participation in the operations of the Company, actual subscription (or switching) price, the difference between the actual subscription (or switching) price and the reference price; the effect of the private placement on shareholders' equity; and for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of common shares, the implementation progress of the plan, and the status of realization of the benefits of the plan:

Data about Private Placements of Securities (I)

| Item | 2019 private placement Date of issuance: August 15, 2019 |
|--|--|
| Type of marketable securities of private placement | Ordinary shares |
| Date and number approved at the shareholders' meeting | Date of approval of the shareholders' meeting: June 5, 2019 Number: 2,686,000 shares |
| Basis for and reasonableness of the price set | <p>The price determination per share for the private placement of ordinary shares is at a percentage of not less than 80% of the higher of the following two calculations before the date of the Company's pricing:</p> <p>A. The simple arithmetical average closing price of the ordinary shares of the Company on any of the first, third or fifth trading day prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of the shares cancelled in connection with capital reduction.</p> <p>B. The simple arithmetical average closing price of the ordinary shares of the Company for thirty trading days prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of shares cancelled in connection with capital reduction.</p> <p>The private placement price was set at NT\$93.06. This is within the 80% range of the higher of the above two calculations as resolved by the shareholders' meeting, and is regarded as reasonable.</p> |
| The method for selecting the specific persons: | Strategic investors as set forth in Article 43-6 of the Securities and Exchange Act. |
| Reasons for the necessity for conducting the private placement | Considering that a private placement is quick and easy, the purpose of introducing strategic investors is achieved. Also, given that a private placement of marketable securities has a 3-year transfer restriction, the long-term partnership between the Company and strategic investors is |

| | | | | | |
|--|--|--------------------------|-------------------------|-------------------------------|--|
| | ensured. Nevertheless, by authorizing the Board of Directors to conduct a private placement based on the Company's actual operational needs, the fund-raising mobility and flexibility of the Company will be effectively increased. | | | | |
| Payment completion date | June 28, 2019 | | | | |
| Information on placee | Target placee | Eligibility requirements | Number of subscriptions | Relationship with the Company | Participation in the business of the Company |
| | Sincere Holding Company | Strategic investor | 2,686,000 shares | None | None |
| Actual subscription price | NT\$93.06 | | | | |
| Difference between actual subscription price and reference price | The share price of the private placement was NT\$93.06 per share, 80% of the reference price. | | | | |
| The effect of the private placement on shareholders' equity | None | | | | |
| The use of capital raised in the private placement and the implementation of plans | On June 28, 2019, the proceeds from the private placement were fully raised and checked, which were immediately injected into the Company's working capital. Bank loans were fully repaid in 2019 Q3. | | | | |
| Private placement benefit | To improve the Company's financial structure, reduce bank loans and interest expenses, and enhance operational efficiency, posing positive impact on shareholders' equity. | | | | |

Data about Private Placements of Securities (II)

| Item | 2020 private placement Date of issuance: August 15, 2021 | | | | |
|--|--|--------------------------|-------------------------|-------------------------------|--|
| Type of marketable securities of private placement | Ordinary shares | | | | |
| Date and number approved at the shareholders' meeting | Date of approval of the shareholders' meeting: October 29, 2020 Number: 10,000,000 shares | | | | |
| Basis for and reasonableness of the price set | <p>The price determination per share for the private placement of ordinary shares is at a percentage of not less than 80% of the higher of the following two calculations before the date of the Company's pricing:</p> <p>A. The simple arithmetical average closing price of the ordinary shares of the Company on any of the first, third or fifth trading day prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of the shares cancelled in connection with capital reduction.</p> <p>B. The simple arithmetical average closing price of the ordinary shares of the Company for thirty trading days prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of shares cancelled in connection with capital reduction.</p> <p>The private placement price was set at NT\$124.4. This is within the 80% range of the higher of the above two calculations as resolved by the shareholders' meeting, and is regarded as reasonable.</p> | | | | |
| The method for selecting the specific persons: | Strategic investors as set forth in Article 43-6 of the Securities and Exchange Act. | | | | |
| Reasons for the necessity for conducting the private placement | Considering that a private placement is quick and easy, the purpose of introducing strategic investors is achieved. Also, given that a private placement of marketable securities has a 3-year transfer restriction, the long-term partnership between the Company and strategic investors is ensured. Nevertheless, by authorizing the Board of Directors to conduct a private placement based on the Company's actual operational needs, the fund-raising mobility and flexibility of the Company will be effectively increased. | | | | |
| Payment completion date | June 29, 2021 | | | | |
| Information on placee | Target placee | Eligibility requirements | Number of subscriptions | Relationship with the Company | Participation in the business of the Company |
| | Hong-Yang Venture Capital Co., Ltd. | Strategic investor | 8,000,000 shares | None | None |

| | | | | | |
|--|--|--------------------|------------------|------|------|
| | Sincere Holding Company | Strategic investor | 2,000,000 shares | None | None |
| Actual subscription price | NT\$124.4 | | | | |
| Difference between actual subscription price and reference price | The share price of the private placement was NT\$124.4 per share, 80% of the reference price. | | | | |
| The effect of the private placement on shareholders' equity | None | | | | |
| The use of capital raised in the private placement and the implementation of plans | On June 29, 2021, the proceeds from the private placement were fully raised and checked, which were immediately injected into the Company's working capital. Bank loans were fully repaid in 2021 Q3. | | | | |
| Private placement benefit | To improve the Company's financial structure, reduce bank loans and interest expenses, and enhance operational efficiency, posing positive impact on shareholders' equity. | | | | |

- III. Holding or Disposal of the Company's Shares by Subsidiaries during the Most Recent Fiscal Year or the Current Fiscal Year up to the Date of Printing of this annual report: None
- IV. Other matters that require additional disclosure: None.
- V. Any of the Situations set forth in Subparagraph 2, Paragraph 3, Article 36 of Securities and Exchange Act, which might Produce Material Impact on Shareholders' Equity or Price of the Company's Securities occurring during the Most Recent Fiscal Year or the Current Fiscal Year up to the Date of Printing of this annual report: None.

Giga Solar Materials Corporation and Its Subsidiaries

Consolidated Financial Statements and Independent Auditor's Report

For the Years Ended December 31, 2023 and 2022

Address: No. 3, Industrial 1st Road, Hukou Township,
Hsinchu County
PPhone: (03)5981886

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Statement of Consolidated Financial Statements of Affiliated Enterprises

For the fiscal year of 2023 (From January 1 to December 31, 2023), the entities which should be included in the consolidated financial statements of affiliates pursuant to the “Guidelines for the Preparation of Consolidated Business Report, Consolidated Financial Statements and Relationship Report of Affiliates” are the same as those that should be included in the consolidated financial statements of the parent and subsidiaries pursuant to the International Financial Reporting Standards 10, and relevant information to be disclosed in the consolidated financial statements of affiliates has already been disclosed in the consolidated financial statements of the parent and subsidiaries. Therefore, the Consolidated Company will not prepare separate consolidated financial statements for its affiliates.

We hereby declare the above.

Name of Company: Giga Solar Materials Corporation

Managerial officer: Chen Chi-Ming

March 28, 2024

Independent auditor's report

To Giga Solar Materials Corporation,

Audit Opinion

We have audited the consolidated balance sheet of Giga Solar Materials Corporation and its subsidiaries as of December 31, 2023 and 2022 and the consolidated comprehensive income statements, consolidated statement of changes in shareholders' equity, consolidated cash flow statements, and notes to the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Giga Solar Materials Corporation and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations endorsed and issued into effect by the Financial Supervisory Commission.

Basis of Opinion

We conducted our audits in accordance with the Entrusted Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards of the Republic of China. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of Giga Solar Materials 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 believe 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 2023 consolidated financial statements of Giga Solar Materials Corporation and its subsidiaries. These matters were addressed in the content of our audit of the consolidated 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 2023 consolidated financial statements of Giga Solar Materials Corporation and its subsidiaries are as follows:

Authenticity of revenues

The sales revenues of Giga Solar Materials Corporation and its subsidiaries are mainly from the sales of solar conductive plasma and solar silicon accessories. The sales revenues from specific clients and products changed significantly in 2023 (see Note 23), and, 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 (associates) have not been audited by us, but by other independent auditors. Therefore, of our opinions on the consolidated 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, 2023 and 2022, the above-mentioned investments under the equity method amounted to NT\$68,141 thousand and NT\$550,273 thousand, or 0.59% and 4.51% of total assets, respectively; the share of the above profits (losses) on associates recognized under the equity method amounted to NT\$(3,063) thousand and NT\$(30,646) thousand, or 0.26% and 5.93% of net loss before tax, respectively, for the years ended December 31, 2023 and 2022.

Giga Solar Materials Corporation has prepared its individual financial statements for the years ended December 31, 2023 and 2022, and we have issued an unqualified audit opinion with the other matters paragraph on record for reference.

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

The responsibility of management is to prepare fairly presented consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards interpretations, and announcements of interpretations recognized and published by the Financial Supervisory Commission and maintain necessary internal control related to the preparation of consolidation of financial statements in order to ensure material misstatement caused by fraud or error does not exist in the consolidated financial statements.

In preparing the consolidated financial statements, the management is also responsible for assessing the ability of Giga Solar Materials Corporation and its subsidiaries 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 Giga Solar Materials Corporation and its subsidiaries 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 Giga Solar Materials Corporation and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated 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 Giga Solar Materials Corporation and its subsidiaries.
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 or not a material uncertainty exists related to events or conditions that may cast significant doubt on Giga Solar Materials Corporation and its subsidiaries 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 consolidated 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 Giga Solar Materials Corporation and its subsidiaries to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including related notes), whether the consolidated 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 Giga Solar Materials Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of Giga Solar Materials Corporation and its subsidiaries. We remain solely responsible for our audit opinion.

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 2023 consolidated financial statements of Giga Solar Materials 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.

Deloitte and Touche

CPA Zhong, Ming-Yuan

CPA Chang Ya-Yun

Financial Supervisory Commission Approval
Jin-Guan-Zheng-Shen-Zi No. 1050024633

Financial Supervisory Commission Approval
Jin-Guan-Zheng-Shen-Zi No. 1110348898

March 28, 2024

Giga Solar Materials Corporation and Its Subsidiaries
Consolidated balance sheet
December 31, 2023 and 2022

Unit: NTD thousand

| Code | Assets | December 31, 2023 | | December 31, 2022 | | Code | Liabilities and equity | December 31, 2023 | | December 31, 2022 | |
|------|---|-------------------|-----|-------------------|-----|------|---|-------------------|-----------|-------------------|-------|
| | | Amount | % | Amount | % | | | Amount | % | Amount | % |
| 1100 | Cash and cash equivalents (Notes 4 and 6) | \$ 2,076,963 | 18 | \$ 2,781,496 | 23 | 2100 | Current liabilities | | | | |
| 1150 | Net notes receivable (Notes 4, 9, 18 and 33) | 71,828 | 1 | 184,384 | 2 | 2126 | Short-term borrowings (Notes 9, 18, 32 and 33) | \$ 531,769 | 5 | \$ 266,210 | 2 |
| 1170 | Net accounts receivable (Notes 4 and 9) | 752,443 | 6 | 685,945 | 6 | 2150 | Financial liabilities for hedging (Notes 4, 10 and 31) | 655,237 | 6 | 446,977 | 4 |
| 1180 | Net accounts payable – related party (Notes 4, 9 and 32) | 3,794 | - | | | | Notes payable | 12,600 | - | 16,916 | - |
| 1200 | Other receivables (Notes 4 and 9) | | | 33,088 | | 2170 | Accounts payable | 295,481 | 3 | 223,343 | 2 |
| 1210 | Other receivables – related party (Notes 4, 9 and 32) | 29,534 | - | 27,977 | | 2180 | Accounts payable – related party (Note 32) | 308 | - | 959 | - |
| 1220 | Current income tax assets (Notes 4 and 25) | 1,957 | - | 19,652 | - | 2200 | Other payables (Note 4 and 20) | 277,590 | 2 | 345,289 | 3 |
| 130X | Inventories (Notes 4 and 10) | 1,265,814 | 11 | 1,032,644 | 8 | 2220 | Other payables – related party (Note 32) | | | 6,694 | - |
| 1410 | Prepayments (Note 17) | 307,108 | 3 | 323,714 | 3 | 2230 | Current income tax liabilities (Notes 4 and 25) | 38,797 | - | 10,389 | - |
| 1476 | Other financial assets (Note 33) | 74,458 | 1 | 69,789 | 1 | 2280 | Lease liabilities – current (Notes 4, 14 and 32) | 17,709 | - | 39,541 | - |
| 1479 | Other current assets (Note 17) | 38,348 | - | 38,816 | - | | Corporate bonds payable – current portion (Notes 4 and 19) | 22,827 | - | | |
| 11XX | Total current assets | 4,631,903 | 40 | 5,216,617 | 43 | 2321 | Long-term bank borrowings – current portion (Notes 4, 18 and 33) | - | - | 339,406 | 3 |
| | | | | | | 2322 | Other current liabilities (Note 20) | 201,301 | 2 | 291,304 | 3 |
| | | | | | | 2399 | Total current liabilities | 50,075 | - | 41,096 | - |
| | | | | | | 21XX | | 2,103,694 | 18 | 2,028,124 | 17 |
| | | | | | | | | | | | |
| 1510 | Non-current assets | | | | | | Non-current liabilities | | | | |
| 1517 | Financial assets at fair value through profit or loss – non-current (Notes 4 and 7) | 34,253 | - | 33,560 | | 2540 | Long-term borrowings (Notes 4, 18 and 33) | 1,719,092 | 15 | 1,356,518 | 11 |
| | Financial assets at fair value through other comprehensive income – non-current (Notes 4 and 8) | | | | | 2570 | Deferred tax liabilities (Notes 4 and 25) | 34,853 | - | 39,430 | - |
| 1550 | Investments accounted for using the equity method (Notes 4, 5 and 12) | 334,421 | 3 | 368,688 | 3 | 2580 | Lease liabilities – non-current (Notes 4, 14 and 32) | 81,622 | 1 | 194,858 | 2 |
| 1600 | Property, plant and equipment (Notes 4, 5, 13, 32 and 33) | 361,557 | 3 | 550,273 | 5 | 2640 | Net defined benefit liabilities (Notes 4 and 21) | 23,011 | - | 17,644 | - |
| 1755 | Right-of-use assets (Notes 4, 14 and 32) | 4,652,686 | 41 | 4,432,080 | 36 | 2645 | Deposits received | 41,584 | 1 | 43,715 | - |
| 1760 | Investment property (Notes 4 and 15) | 153,424 | 1 | 282,221 | 2 | 2670 | Other non-current liabilities (Note 4 and 20) | 1,364 | - | - | - |
| 1780 | Intangible assets (Notes 4, 5 and 16) | 35,733 | - | 35,733 | - | 25XX | Total non-current liabilities | 1,901,526 | 17 | 1,652,165 | 13 |
| 1840 | Deferred tax assets (Notes 4 and 25) | 383,044 | 3 | 406,975 | 3 | | Total liabilities | 4,005,220 | 35 | 3,680,289 | 30 |
| 1980 | Other financial assets – non-current (Note 33) | 177,166 | 2 | 172,677 | 2 | | Equity attributable to shareholders of the company (Notes 4, 22 and 27) | | | | |
| 1990 | Other non-current assets – others (Notes 17 and 32) | 293,808 | 3 | 118,394 | 1 | | Capital stock | | | | |
| 15XX | Total non-current assets | 425,659 | 4 | 594,622 | 5 | | Ordinary share capital | 918,834 | 8 | 918,834 | 8 |
| | | 6,851,751 | 60 | 6,995,223 | 57 | | Capital surplus | 5,446,501 | 48 | 5,421,986 | 44 |
| | | | | | | | Retained earnings | | | | |
| | | | | | | 3310 | Legal reserve | 946,679 | 8 | 946,679 | 8 |
| | | | | | | 3320 | Special reserve | 154,844 | 1 | 15,121 | - |
| | | | | | | | Undistributed earnings (losses to be compensated) | | | | |
| | | | | | | 3350 | (514,884) | (4) | 440,162 | 3 | |
| | | | | | | 3300 | 586,639 | 5 | 1,401,962 | 11 | |
| | | | | | | 3400 | Total retained earnings | (312,465) | (3) | (154,844) | (1) |
| | | | | | | 31XX | Other equity | 6,639,509 | 58 | 7,587,938 | 62 |
| | | | | | | | Total shareholders' equity of the company | | | | |
| | | | | | | 36XX | Non-controlling interests (Notes 4, 22 and 28) | 838,925 | 7 | 943,613 | 8 |
| | | | | | | 3XXX | Total equity | 7,478,434 | 65 | 8,531,551 | 70 |
| 1XXX | Total assets | \$ 11,483,654 | 100 | \$ 12,211,840 | 100 | | Total liabilities and equity | \$ 11,483,654 | 100 | \$ 12,211,840 | 100 |

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the audit report dated March 28, 2024 issued by Deloitte and Touche)

Chairman: Chen, Chi-Ming

Manager: Huang, Wen-Jui

Accounting Supervisor: Wang Tsai-Hua

Giga Solar Materials Corporation and Its Subsidiaries

Consolidated comprehensive income statement

January 1 to December 31, 2023 and 2022

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

| Code | | 2023 | | 2022 | |
|------|---|----------------------|---------------|--------------------|---------------|
| | | Amount | % | Amount | % |
| 4000 | Operating revenue (Notes 4, 23 and 32) | \$ 2,958,411 | 100 | \$ 5,654,845 | 100 |
| 5000 | Operating costs (Notes 10 and 24) | <u>3,118,576</u> | <u>106</u> | <u>5,161,433</u> | <u>91</u> |
| 5900 | Gross income (loss) | (<u>160,165</u>) | (<u>6</u>) | <u>493,412</u> | <u>9</u> |
| | Operating expenses (Notes 9, 16, 24 and 32) | | | | |
| 6100 | Marketing expenses | 226,703 | 8 | 196,018 | 4 |
| 6200 | Administration expenses | 317,022 | 11 | 339,472 | 6 |
| 6300 | R&D expenses | 314,157 | 10 | 305,606 | 5 |
| 6450 | Expected credit (reversal gains) impairment losses | (<u>51,385</u>) | (<u>2</u>) | <u>91,415</u> | <u>2</u> |
| 6000 | Total | <u>806,497</u> | <u>27</u> | <u>932,511</u> | <u>17</u> |
| 6900 | Net operating losses | (<u>966,662</u>) | (<u>33</u>) | (<u>439,099</u>) | (<u>8</u>) |
| | Non-operating income and expenses | | | | |
| 7100 | Interest income (Notes 4 and 24) | 43,232 | 2 | 8,692 | - |
| 7010 | Other income (Notes 15, 24 and 32) | 53,740 | 2 | 52,941 | 1 |
| 7020 | Other gains and losses (Notes 5, 12, 13, 16, 17, 24 and 32) | (<u>197,843</u>) | (<u>7</u>) | (<u>38,401</u>) | (<u>1</u>) |
| 7050 | Financial costs (Notes 10, 24 and 32) | (<u>52,652</u>) | (<u>2</u>) | (<u>70,229</u>) | (<u>1</u>) |
| 7060 | Share of profits or losses of associates accounted for using the equity method (Notes 4 and 12) | (<u>53,617</u>) | (<u>2</u>) | (<u>30,646</u>) | - |
| 7000 | Total | (<u>207,140</u>) | (<u>7</u>) | (<u>77,643</u>) | (<u>1</u>) |
| 7900 | Net loss before tax | (<u>1,173,802</u>) | (<u>40</u>) | (<u>516,742</u>) | (<u>9</u>) |
| 7950 | Income tax expense (Notes 4 and 25) | (<u>29,052</u>) | (<u>1</u>) | (<u>55,289</u>) | (<u>1</u>) |
| 8200 | Net losses for the year | (<u>1,202,854</u>) | (<u>41</u>) | (<u>572,031</u>) | (<u>10</u>) |

(Continued on next page)

(Continued from previous page)

| Code | | 2023 | | 2022 | |
|------|---|-------------------------|---------------|-----------------------|---------------|
| | | Amount | % | Amount | % |
| | Other comprehensive income | | | | |
| 8310 | Items not to be reclassified as profit or loss: | | | | |
| 8311 | Remeasurement of defined benefit plan | (\$ 5,631) | - | \$ 8,416 | - |
| 8316 | Unrealized gains or losses on investments in equity instruments measured at fair value through other comprehensive income | (125,655) | (4) | (160,054) | (3) |
| 8360 | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences on translation of financial statements of foreign operations | (31,221) | (1) | 27,561 | 1 |
| 8399 | Income tax related to items that may be reclassified (Note 25) | <u>5,287</u> | <u>-</u> | <u>(4,358)</u> | <u>-</u> |
| 8300 | Other comprehensive income for the year (net after tax) | <u>(157,220)</u> | <u>(5)</u> | <u>(128,435)</u> | <u>(2)</u> |
| 8500 | Total comprehensive income for the year | <u>(\$ 1,360,074)</u> | <u>(46)</u> | <u>(\$ 700,466)</u> | <u>(12)</u> |
| | Equity attributable to | | | | |
| 8610 | Shareholders of the company | (\$ 810,576) | (28) | (\$ 495,153) | (9) |
| 8620 | Non-controlling interests | <u>(392,278)</u> | <u>(13)</u> | <u>(76,878)</u> | <u>(1)</u> |
| 8600 | | <u>(\$ 1,202,854)</u> | <u>(41)</u> | <u>(\$ 572,031)</u> | <u>(10)</u> |
| | Total comprehensive income attributable to | | | | |
| 8710 | Shareholders of the company | (\$ 973,001) | (33) | (\$ 625,911) | (11) |
| 8720 | Non-controlling interests | <u>(387,073)</u> | <u>(13)</u> | <u>(74,555)</u> | <u>(1)</u> |
| 8700 | | <u>(\$ 1,360,074)</u> | <u>(46)</u> | <u>(\$ 700,466)</u> | <u>(12)</u> |
| | Net loss per share (Note 26) | | | | |
| 9750 | Basic | <u>(\$ 8.82)</u> | | <u>(\$ 6.14)</u> | |
| 9850 | Diluted | <u>(\$ 8.82)</u> | | <u>(\$ 6.14)</u> | |

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the audit report dated March 28, 2024 issued by Deloitte and Touche)

Chairman: Chen, Chi-Ming

Manager: Huang, Wen-Jui

Accounting Supervisor: Wang Tsai-Hua

Giga Solar Materials Corporation and Its Subsidiaries
Consolidated statement of changes in shareholders' equity
January 1 to December 31, 2023 and 2022

Units: NTD thousands, unless otherwise stated

| | | Equity attributable to shareholders of the company | | | | | | | | | | | Other equity | | | | | | |
|------|---|--|------------|---|---------------|-----------------|-------------------------|-------------------------|---|---|---|--|--------------|-------|---|---------------------------|---|--------------|---------------|
| | | Capital stock | | Retained earnings (Losses to be compensated) | | | | | | Exchange differences on translation of financial statements of foreign operations | | Unrealized valuation gain (loss) of financial assets measured at fair value through other comprehensive income | | Total | | Non-controlling interests | | Total equity | |
| Code | | Number of shares (in thousands) | Amount | Capital surplus | Legal reserve | Special reserve | Unappropriated earnings | Total retained earnings | | | | | | | | | | | |
| A1 | Balance as of January 1, 2022 | 75,883 | \$ 758,834 | \$ 3,754,922 | \$ 946,679 | \$ 182,204 | \$ 781,597 | \$ 1,910,480 | | | | | | | | | | | |
| B17 | Reversal of special reserve | - | - | - | - | (167,083) | 167,083 | - | - | - | - | - | - | - | - | - | - | - | - |
| D1 | Net losses for 2022 | - | - | - | - | - | (495,153) | (495,153) | | | | | | | | | | (76,878) | (572,031) |
| D3 | Other comprehensive income for 2022 | - | - | - | - | - | 8,416 | 8,416 | | | | | | | | | | 2,323 | (128,435) |
| D5 | Total comprehensive income for 2022 | - | - | - | - | - | (486,737) | (486,737) | | | | | | | | | | (74,555) | (700,466) |
| E1 | Cash capital increase | 16,000 | 160,000 | 1,680,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,840,000 |
| C7 | Changes in associates accounted for using the equity method | - | - | (69) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (69) |
| M5 | Differences between equity price and carrying amount arising from acquisition or disposal of subsidiaries | - | - | (2,023) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (2,023) |
| M7 | Changes in ownership interest in subsidiaries | - | - | (43,662) | - | - | (22,457) | (22,457) | | | | | | | | | | 400,118 | 334,126 |
| N1 | Share-based payments | - | - | 25,138 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 25,138 |
| N1 | Subsidiary share based payment | - | - | 7,680 | - | - | - | - | - | - | - | - | - | - | - | - | - | 16,586 | 24,266 |
| Q1 | Disposal of equity instruments at fair value through other comprehensive income | - | - | - | - | - | 676 | 676 | | | | | | | | | | - | - |
| Z1 | Balance as of December 31, 2022 | 91,883 | 918,834 | 5,421,986 | 946,679 | 15,121 | 440,162 | 1,401,962 | | | | | | | | | | 943,613 | 8,531,551 |
| B3 | Special reserve | - | - | - | - | 139,723 | (139,723) | - | - | - | - | - | - | - | - | - | - | - | - |
| D1 | Net losses for 2023 | - | - | - | - | - | (810,576) | (810,576) | | | | | | | | | | (392,278) | (1,202,854) |
| D3 | Other comprehensive income for 2023 | - | - | - | - | - | (5,631) | (5,631) | | | | | | | | | | 5,205 | (157,220) |
| D5 | Total comprehensive income for 2023 | - | - | - | - | - | (816,207) | (816,207) | | | | | | | | | | (387,073) | (1,360,074) |
| C7 | Changes in associates accounted for using the equity method | - | - | 13,510 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 13,510 |
| M5 | Differences between equity price and carrying amount arising from acquisition or disposal of subsidiaries | - | - | (4,117) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (4,221) |
| M7 | Changes in ownership interest in subsidiaries | - | - | 7,059 | - | - | - | - | - | - | - | 161 | - | - | - | - | - | 265,557 | 272,777 |
| N1 | Subsidiary share based payment | - | - | 8,063 | - | - | - | - | - | - | - | - | - | - | - | - | - | 16,828 | 24,891 |
| Q1 | Disposal of equity instruments at fair value through other comprehensive income | - | - | - | - | - | 884 | 884 | | | | | | | | | | - | - |
| Z1 | Balance as of December 31, 2023 | 91,883 | \$ 918,834 | \$ 5,446,501 | \$ 946,679 | \$ 154,844 | (\$ 514,884) | \$ 586,639 | | | | | | | | | | \$ 838,925 | \$ 7,478,434 |

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the audit report dated March 28, 2024 issued by Deloitte and Touche)

Chairman: Chen, Chi-Ming

Manager: Huang, Wen-Jui

Accounting Supervisor: Wang Tsai-Hua

Giga Solar Materials Corporation and Its Subsidiaries

Consolidated cash flow statement

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

| Code | | 2023 | 2022 |
|--------|---|------------------|----------------|
| | Cash flow from operating activities: | | |
| A10000 | Net loss before tax | (\$ 1,173,802) | (\$ 516,742) |
| A20010 | Income and expense items that do not affect cash flows | | |
| A20100 | Depreciation expense | 321,225 | 279,748 |
| A20200 | Amortization expenses | 14,404 | 12,910 |
| A20300 | Expected credit (reversal gains) impairment losses | (51,385) | 91,415 |
| A20400 | Net gain on financial assets and liabilities at fair value through profit or loss | (693) | (10,886) |
| A20900 | Financial costs | 52,652 | 70,229 |
| A21200 | Interest income | (43,232) | (8,692) |
| A21300 | Dividend income | (12,718) | (1,823) |
| A21900 | Share-based remuneration costs | 24,891 | 49,404 |
| A22300 | Share of associates accounted for using the equity method | 53,617 | 30,646 |
| A22500 | Net loss (gain) on disposal and scrapping of property, plant and equipment | (802) | 6,090 |
| A23700 | Impairment loss on non-financial assets | 189,797 | 84,310 |
| A23800 | Loss on decline in value of inventories (reversal gain) | 104,010 | (15,034) |
| A24100 | Unrealized foreign currency exchange gain | (12,026) | (126,113) |
| A29900 | Leasehold modification gain | (3,109) | (111) |
| A23100 | Gain on disposal of investment | (20,939) | - |
| A29900 | Loss on disposal of subsidiaries | - | 3,165 |
| A30000 | Net change in operating assets and liabilities: | | |
| A31130 | Notes receivables | 112,556 | 79,012 |
| A31150 | Accounts receivables, net | (18,658) | 174,693 |
| A31160 | Accounts receivable – related party | 30,058 | 84,418 |
| A31180 | Other receivables | 760 | (7,620) |
| A31190 | Other receivables – related party | 17,695 | (1,425) |
| A31200 | Inventories | (126,493) | 162,030 |
| A31230 | Prepayments | 16,606 | 260,352 |
| A31240 | Other current assets | 22,709 | (4,968) |
| A32130 | Notes payable | (4,316) | 1,950 |
| A32150 | Accounts payable | 72,158 | 162,928 |
| A32160 | Accounts payable – related party | (608) | (144) |
| A32180 | Other payables | (57,985) | 23,783 |
| A32190 | Other payables – related party | 32,103 | (2,696) |
| A32230 | Other current liabilities | 8,979 | (242,575) |
| A32990 | Other non-current liabilities | 1,364 | - |
| A32240 | Net defined benefit liabilities | (264) | (440) |
| A33000 | Cash arising from operations | (451,446) | 637,814 |
| A33100 | Interests received | 40,793 | 7,189 |
| A33300 | Interests paid | (51,172) | (64,406) |
| A33500 | Income tax paid | (16,055) | (58,376) |
| AAAA | Net cash inflow (outflow) from investment activities | (477,880) | 522,221 |

(Continued on next page)

(Continued from previous page)

| Code | | 2023 | 2022 |
|--------|---|---------------------|----------------------|
| | Cash flow from investment activities: | | |
| B00010 | Acquisition of financial assets measured at fair value through other comprehensive income | (\$ 99,984) | (\$ 83,496) |
| B00020 | Disposal of financial assets measured at fair value through other comprehensive income | 8,339 | - |
| B00100 | Acquisition of Financial assets at fair value through profit or loss | - | (1,015) |
| B00200 | Disposal of Financial assets at fair value through profit or loss | - | 16,622 |
| B01900 | Disposal of investment accounted for using the equity method | 41,313 | - |
| B02700 | Acquisition of property, plant and equipment | (504,394) | (1,280,203) |
| B02800 | Disposal of property, plant and equipment | 11,047 | 38,148 |
| B03700 | Increase in refundable deposits | (27,228) | - |
| B03800 | Decrease in refundable deposits | - | 104,021 |
| B04500 | Acquisition of intangible assets | (3,600) | (8,053) |
| B06600 | Increase in other financial assets | (180,355) | (107,386) |
| B06700 | Decrease in other non-current assets | 1,609 | 65,967 |
| B07600 | Dividends received | 12,718 | 1,823 |
| BBBB | Net cash outflow from investment activities | (<u>740,535</u>) | (<u>1,253,572</u>) |
| | Cash flow from financing activities: | | |
| C00200 | Increase (decrease) in short-term borrowings | 271,252 | (1,300,493) |
| C01300 | Repayment of corporate bonds | (339,406) | - |
| C01600 | Borrowing of long-term loans | 658,800 | 610,400 |
| C01700 | Repayment of long-term loans | (324,001) | (827,912) |
| C03000 | Increase in deposits received | - | 170 |
| C03100 | Decease in deposits received | (2,131) | - |
| C04020 | Repayment of lease liability principal | (29,053) | (37,141) |
| C04600 | Cash capital increase | - | 1,840,000 |
| C05800 | Change in non-controlling interests | 268,556 | 332,103 |
| CCCC | Net cash outflow from financing activities | <u>504,017</u> | <u>617,127</u> |
| DDDD | Effect of exchange rate changes on cash and cash equivalents | <u>9,865</u> | <u>116,579</u> |
| EEEE | Net (decrease) increase in cash and cash equivalents | (704,533) | 2,355 |
| E00100 | Balance of cash and cash equivalents at the beginning of the year | <u>2,781,496</u> | <u>2,779,141</u> |
| E00200 | Balance of cash and cash equivalents at the end of the year | <u>\$ 2,076,963</u> | <u>\$ 2,781,496</u> |

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

(Please refer to the audit report dated March 28, 2024 issued by Deloitte and Touche)

Chairman: Chen, Chi-Ming

Manager: Huang, Wen-Jui

Accounting Supervisor: Wang Tsai-Hua

Giga Solar Materials Corporation and Its Subsidiaries

Notes to consolidated financial statements

January 1 to December 31, 2023 and 2022

(Units: NTD thousands, unless otherwise stated)

1. Company History

Giga Solar Materials Corporation (hereinafter referred to as “the Company”) was incorporated in Hsinchu Science Park with the approval of the Ministry of Economic Affairs on July 11, 2003. In December 2011, it established an STSP Branch in the Southern Taiwan Science Park (STSP). In March 2017, the STSP Branch was abolished. It mainly engages in the research and development (R&D), manufacturing, and sales of solar conductive plasma. The Company’s stock has been traded on Taipei Exchange since November 18, 2010.

The consolidated financial statements are presented in NTD, the functional currency of the Company.

The Company and its subsidiaries are hereinafter collectively referred to as the Consolidated Company.

2. Date and Procedures for Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the board meeting on March 28, 2024.

3. Application of New and Revised Standards and Interpretation

- (1) First-time application of International Financial Reporting Standards (hereinafter referred to as “IFRSs”), International Accounting Standards (hereinafter referred to as “IAS”), Interpretations (“IFRICs”) and Interpretations (“SICs”) (hereinafter referred to as “IFRSs”) endorsed by the Financial Supervisory Commission (hereinafter referred to as “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 Consolidated Company’s accounting policies.

- (2) IFRSs endorsed by the Financial Supervisory Commission and applicable in 2024.

| New/Revised/Amended Standards and Interpretations | Effective date of IASB publication (Note 1) |
|---|---|
| Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback” | January 1, 2024 (Note 2) |
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | January 1, 2024 |

| | |
|--|--------------------------|
| Amendments to IAS 1 “Non-current Liabilities with Covenants” | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements" | January 1, 2024 (Note 3) |

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: The seller and lessee shall apply the amendments to IFRS 16 retrospectively to the sale and leaseback carried out after the date of initial application of IFRS 16.

Note 3 When this amendment is first implemented, certain disclosure requirements shall be exempted.

1. Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (amendments in 2020) and Amendments to IAS 1 “Non-current Liabilities with Covenants” (amendments in 2022)

The amendments in 2020 aims to clarify whether a liability is classified as non-current; the Consolidated Company should assess whether it has the right to defer settlement of liabilities at the end of the reporting period for at least 12 months after the reporting period. If the Consolidated Company has such a right as of the end of the reporting period, the liability is classified as non-current whether or not the Consolidated Company exercises its right to defer settlement of a liability.

The amendments in 2020 also clarify that if the Consolidated Company is required to comply with certain conditions in order to have the right to defer settlement of a liability. The Consolidated Company must have complied with specific conditions as of the end of the reporting period, even if the lender tests whether or not the Consolidated Company has complied with those conditions at a later date. The amendments in 2022 further clarify that only the terms of the contracts to be observed before the end of the reporting period affect the classification of liabilities. Although the terms of the contracts to be observed within 12 months after the reporting period do not affect the classification of liabilities, relevant information shall be disclosed to enable users of financial reports to understand the risk that the Consolidated Company may not be able

to comply with the terms of the contracts and shall make repayments within 12 months after the reporting period.

As per the amendments in 2020, to classify liabilities, the above settlement refers to the transfer to the counterparty of cash, other economic resources or equity instruments of the Consolidated Company that results in the extinguishment of the liability. However, if the terms of the liability may result in transferring the Consolidated 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.

In addition to the above impacts, the Consolidated Company will continue to evaluate the effect of the amendment to other IFRSs on the financial positions and performance of the Consolidated Company to the date the consolidated financial statements are approved and released, and will make appropriate disclosure after the evaluation.

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

| <u>New/Revised/Amended Standards and Interpretations</u> | <u>Effective date of IASB publication (Note 1)</u> |
|--|--|
| 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 |
| Amendments to IAS 21 "Lack of Convertibility" | January 1, 2025 (Note 2) |

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 For annual reporting periods beginning after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the consolidated Company uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

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 Consolidated Company sells or contributes an asset to an affiliate (or joint venture) or if the Consolidated Company loses control of a subsidiary but retains significant influence (or joint control) over the subsidiary, the Consolidated 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 Consolidated Company sells or contributes an asset to an affiliate (or joint venture), or if the Consolidated Company loses control of a subsidiary but retains significant influence (or joint control) over the subsidiary, the Consolidated 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 Consolidated 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.

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

4. Summary of Significant Accounting Policies

(1) Compliance Statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and published by the FSC.

(2) Basis of preparation

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

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.
- (3) Standards in differentiating current and non-current 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 and cash equivalents
- 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 non-current assets or liabilities.

(4) Basis of consolidation

Principles for the Preparation of Consolidated Statements

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (subsidiaries). The consolidated comprehensive income statements include the operating profits or losses of the acquired or disposed subsidiaries for the period from the date of acquisition or up to the date of disposal. The subsidiaries' financial statements have been properly adjusted to make the accounting policies consistent with the accounting policies of the Consolidated Company. In preparing the consolidated financial statements, all inter-company transactions, account balances, gains and losses have been eliminated. The total comprehensive income of the subsidiaries is attributable to shareholders of

the Company and non-controlling interests, even if the non-controlling interests become a loss balance as a result.

When a change in the Consolidated Company's ownership interest in a subsidiary does not result in a loss of control, it is treated as an equity transaction. The carrying amounts of the Consolidated Company and non-controlling interests have been adjusted to reflect the changes in their relative interests in subsidiaries. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity attributable to shareholders of the Company.

When the Consolidated Company loses control over a subsidiary, the gain or loss on disposal is the difference between (1) the aggregate of the fair value of the consideration received and the fair value of the remaining investment in the subsidiary at the date of loss of control, and (2) the aggregate of the assets (including goodwill) and liabilities and non-controlling interests of the subsidiary at the carrying amount at the date of loss of control. All amounts recognized in other comprehensive income related to the subsidiary are accounted for on the same basis as if the Consolidated Company had directly disposed of the related assets or liabilities.

Subsidiaries Included in Consolidated Financial Statements

Entities covered by the consolidated financial statements are as follows:

| Investor name | Subsidiary name | Principal business | Shareholding percentage | |
|---------------|--|--|-------------------------|-------------------|
| | | | December 31, 2023 | December 31, 2022 |
| The Company | Green Energy Electrode, Inc. (Note 5) | Manufacturing and trading of energy materials | 52.81% | 52.81% |
| | Giga Solar Materials Corporation (Mauritius) | General investment | 100% | 100% |
| | Whole Sun Green Power Co., Ltd. | Solar Energy Related Business | 100% | 100% |
| | Hua Hsu Silicon Materials Co., Ltd. (Note 1 and 4) | Manufacturing of metal wire products, manufacturing of electronic components, trading and other related businesses | 34.03% | 34.23% |

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| Investor name | Subsidiary name | Principal business | Shareholding percentage | |
|---|---|--|-------------------------|-------------------|
| | | | December 31, 2023 | December 31, 2022 |
| Green Energy Electrode Inc. | Green Energy Electrode, Inc. | General investment | 100% | 100% |
| | Chongqing Xincai New Material Technology Co., Ltd. (Note 8) | Lithium battery material manufacturing, research and development, and lithium-ion battery technology development and consulting services | 100% | - |
| Green Energy Electrode, Inc. | Yancheng Green Energy Electrode Corp. | Lithium battery material manufacturing, research and development and lithium-ion battery technology development and consulting services | 100% | 100% |
| Giga Solar Materials Corporation (Mauritius) | Suzhou Giga Solar Materials Corporation | Photovoltaic process testing and technical services, etc. | 100% | 100% |
| | Yancheng Giga Solar Materials Corporation | Photovoltaic process testing and technical services, etc. | 100% | 100% |
| Whole Sun Green Power Co., Ltd. | Eiwa Electric Power Co., Inc. | Solar Energy Related Business | 100% | 100% |
| | Wisdom Field Limited (Samoa) | General investment | 100% | 100% |
| | Godo Kaisha Best Solar | Solar Energy Related Business | (Note 2) | (Note 2) |
| | Godo Kaisha Chiba 1 (Note 7) | Solar Energy Related Business | (Note 2) | (Note 2) |
| | Godo Kaisha Merchant Energy NO.8 | Solar Energy Related Business | (Note 2) | (Note 2) |
| Wisdom Field Limited (Samoa) | Merchant Energy PTE., Ltd. (Note 6) | General investment | 87.00% | 87.00% |
| Merchant Energy PTE., Ltd. | Sunshine Solar Power Generation Co., Inc. (Note 3) | Solar Energy Related Business | 39.93% | 39.93% |
| Hua Hsu Silicon Materials Co., Ltd. | Giga Diamond Materials Corporation (Seychelles) | General investment | 100% | 100% |
| Giga Diamond Materials Corporation (Seychelles) | Yancheng Giga Diamond Materials Corporation | Manufacturing and sale of wire materials, etc. | 100% | 100% |

The significant changes in consolidated entities are described below:

Note 1: Although the Consolidated Company does not hold more than 50% of the voting rights in Hua Hsu Silicon Materials Co., Ltd., the Consolidated Company included it in the consolidated entities after considering the absolute amount, relative size and distribution of voting rights held by other

shareholders and judging that the Consolidated Company has the substantial ability to direct the relevant activities of the entity.

- Note 2: Whole Sun Green Power Co., Ltd. invested in Godo Kaisha Best Solar, Godo Kaisha Chiba 1 and Godo Kaisha Merchant Energy No.8 under the TK-GK structure of Japan; although not holding voting rights, the economic beneficial rights granted to the Consolidated Company according to the contracts are 95%, 100%, and 100%, respectively, and the Consolidated Company was given the right to be consulted in advance for major decisions. Therefore, they are included in the consolidated entities.
- Note 3: Although the Consolidated Company does not hold more than 50% of the voting rights in Sunshine Solar Power Generation Co., Inc., but has a significant economic benefit interest, it is therefore included in the consolidated entities.
- Note 4: Hua Hsu Silicon Materials Co., Ltd., on June 17, 2022, resolved a decision to issue 2,000,000 shares of restricted stock awards. The record date for the capital increase was July 31, 2022. After the issuance, the Company's shareholding decreased from 34.69% to 34.01%. The Company purchased a total of 222 thousand shares and 375 thousand shares in Hua Hsu Silicon Materials Co., Ltd. between October 2022 to December 2023, resulting in an increase in its shareholding from 34.01% to 34.23%, and from 34.23% to 34.59%. In addition, Hua Hsu Silicon Materials Co., Ltd. resolved to conduct a cash capital increase in its board of directors meeting on May 2, 2023, with the record date set as June 29, 2023. After the capital increase, the Company's shareholding ratio decreased from 34.59% to 34.00%. Hua Hsu Silicon Materials Co., Ltd. resolved to recall and cancel 122,000 restricted shares of employee stock in its board of directors meeting on August 9, 2023, with the capital reduction record date set as August 10, 2023. After the capital reduction, the Company's shareholding ratio increased from 34.00% to 34.03%.
- Note 5: The board of directors of Green Energy Electrode Inc., on October 4, 2022, resolved a decision to issue 10,000 thousand new shares for cash capital increase at NT\$36 per share. The capital increase record date was November 23, 2022. After the issuance, the Company's shareholding increased from 48.39% to 52.81%.

Note 6: The shareholders' meeting of Merchant Energy PTE., Ltd. resolved a decision on September 12, 2022 to conducted a cash reduction and returned capital to Wisdom Field Limited (Samoa). The capital was reduced in cash by US\$1,700 thousand, with 1,700 thousand shares canceled, and the registration of the change was completed on October 25, 2022. The shareholding ration was therefore down from 87.65% to 87.00%.

Note 7: On November 23, 2022, the board meeting of Whole Sun Green Power Co., Ltd. decided to increase the investment in Godo Kaisha Chiba 1. The investment amount was 150 million JPY, and the investment has been completed.

Note 8: Green Energy Electrode Inc. was approved by the Investment Commission, Ministry of Economic Affairs, on January 18, 2023 to invest US\$6 million in the establishment of Chongqing Xincal New Material Technology Co., Ltd. in mainland China, and the investment was completed.

(5) Business merger

Business merger is accounted for by the acquisition method. Acquisition-related costs are recognized as expenses in the year in which the costs are incurred and the labor services are obtained.

Goodwill is measured as the aggregate of the fair value of the transfer consideration, amount of non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree at the acquisition date over the net amount of the identifiable assets acquired and liabilities assumed at the date acquisition date.

The non-controlling interest in the acquiree that has a current ownership interest in the acquiree and is entitled to a proportionate share of the acquiree's net assets upon liquidation is measured as its proportionate share of the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at fair value.

If the measurement of the identifiable assets acquired and liabilities assumed as a result of a business merger is not yet complete, a provisional amount is recognized at the balance sheet date and retroactive adjustments or additional assets or liabilities are recognized in the measurement period to reflect new information obtained about facts and circumstances existing at the date of acquisition.

(6) Foreign currency

When each entity prepares its financial report, transactions in currencies other than the entity's functional currency (foreign currency) shall be converted into functional currency records according to the exchange rate on the transaction date.

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.

Upon preparation of the consolidated financial reports, the assets and liabilities of overseas operating institutions (including the subsidiaries or affiliates 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 and attributed to shareholders' equity and non-controlling interests of the Company, respectively.

(7) 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.

(8) Investment in affiliates

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

The Consolidated Company adopts the equity method for investment in associates.

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

The excess of the acquisition cost over the Consolidated Company’s share of the net fair value of the identifiable assets and liabilities of the associates 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 Consolidated Company’s share of the net fair value of the identifiable assets and liabilities of the associates at the acquisition date over the acquisition cost is recorded as gain or loss for the period.

If the Consolidated Company does not subscribe for new shares of an associate in proportion to its shareholding, resulting in a change in the Consolidated Company’s shareholding and an increase or decrease in the net equity of the investment, the increase or decrease is adjusted to capital surplus – change in net worth in associates and joint ventures accounted for using the equity method and investments accounted for using the equity method. However, if the ownership interest in an associate is reduced as a result of subscription or acquisition without proportionate shareholding, the amount recognized in other comprehensive income related to the associate is reclassified in proportion to the reduction on the same basis as that required for the direct disposal of the related assets or liabilities of the associate; if the former adjustment is charged to capital surplus and the balance of capital surplus from investments accounted for using the equity method is insufficient, the difference is charged to retained earnings.

When the Consolidated Company’s share of losses in an associate equals or exceeds its equity interest in the associate (including the carrying amount of the associate under the equity method and other long-term equity interests that are in substance a component of the Consolidated Company’s net investment in the associate), the Consolidated Company shall cease to recognize further losses. The

Consolidated Company recognizes additional losses and liabilities only to the extent that legal obligations, constructive obligations or payments on behalf of associates have been incurred.

The Consolidated 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.

The Consolidated Company ceases to adopt the equity method from the date its investment ceases to be an associate, and its retained equity interest in the associate is measured at fair value. The difference between the fair value and the disposal price and the carrying amount of the investment on the date of cessation of the equity method is recognized in profit or loss for the period. In addition, all amounts recognized in other comprehensive income related to the associate are accounted for on the same basis as if the Consolidated Company had directly disposed of the associate's related assets or liabilities. If an investment in associates becomes a joint venture or an investment in joint venture becomes an investment in associates, the Consolidated Company continues to use the equity method without remeasuring the retained equity interest.

Gains or losses from upstream, downstream and side-stream transactions with associates are recognized in the consolidated financial statements only to the extent that they are not related to the Consolidated Company's equity interest in the associates.

(9) 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 Consolidated 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.

(10) 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.

(11) Goodwill

Goodwill acquired through a business merger is measured at cost based on the amount of goodwill recognized on the acquisition date and subsequently measured at cost less accumulated impairment.

For purposes of impairment tests, goodwill is allocated to each cash-generating unit or group of cash-generating units from which the Consolidated Company expects to benefit as a result of the merger.

The cash-generating units to which goodwill is allocated are tested annually (and whenever there is an indication that the units may be impaired) for impairment by comparing the carrying amount of the units that contain goodwill with their recoverable amounts. If goodwill allocated to a cash-generating unit arises from a business merger during the year, the unit should be tested for impairment before the end of the year. If the recoverable amount of a cash-generating unit to which goodwill is allocated is less than its carrying amount, the impairment loss is calculated by first reducing the carrying amount of the allocated goodwill of the cash-generating unit and then reducing the carrying amount of each asset in proportion to the carrying amount of the other assets in the unit. Any impairment loss is recognized directly as loss for the period. Impairment losses attributable to goodwill must not be reversed in subsequent periods.

Upon disposal of an operation within a cash-generating unit to which goodwill is allocated, the amount of goodwill associated with the disposed operation is included in the carrying amount of the operation to determine the disposal gain or loss.

(12) 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 Consolidated 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. Acquired through business merger

Intangible assets acquired through business merger are recognized at fair value at the acquisition date and separately from goodwill, and are subsequently measured in the same manner as intangible assets acquired separately.

3. 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.

(13) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets (excluding goodwill)

The Consolidated 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 Consolidated 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.

(14) Financial instruments

When the Consolidated Company has become a party to the instrument contract, the financial assets and financial liabilities are to be recognized in the consolidated 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 Consolidated 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 31 for the determination of fair value.

B. Financial assets at amortized cost

The Consolidated 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 operations 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 and cash equivalents, 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.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amount of cash with minimal risk of changes in value within twelve months from the acquisition date and are used to meet short-term cash commitments.

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

The Consolidated 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 Consolidated 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

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

An allowance is recognized for losses on accounts receivable 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 Consolidated Company, without considering the collateral, determines the following circumstances indicating that a default has occurred on the financial instrument:

- 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 Consolidated 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 Consolidated 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 Consolidated Company are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

The Company's equity instruments repurchased are recognized and deducted under equity, and the carrying amounts are calculated using the weighted average method based on the stock types. 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.

4. Convertible corporate bonds

The compound financial instruments (convertible corporate bonds) issued by the Consolidated Company are classified as financial liabilities and equity, respectively, in the original recognition according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

In the original recognition, the fair value of the liability is estimated according to the prevailing market interest rate of a similar non-convertible instrument; also, it is measured at the amortized cost that is calculated according to the effective interest method before the conversion or maturity date. The liability of an embedded non-equity derivative is measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the fair value of the compound instrument as a whole less the fair value of the separately determined liability component, which is recognized in equity

net of the income tax effect and is not subsequently measured. When the conversion right is exercised, its related liability component and the amount in equity will be transferred to capital stock and capital surplus – issue premium. If the conversion right of convertible corporate bonds has not been exercised on the maturity date, the amount recognized in equity will be transferred to capital surplus – issue premium.

Transaction costs related to the issuance of convertible bonds are allocated to the liability (included in the carrying amount of the liability) and the equity component (included in equity) of the instrument in proportion to the total allocation price.

The components of conversion rights contained in convertible bonds issued by the Consolidated Company are classified as derivative financial liabilities if the conversion rights are not settled by exchanging a fixed amount of cash or other financial assets for a fixed number of the Consolidated Company's own equity instruments.

On initial recognition, the derivative portion of convertible bonds is measured at fair value, and the original carrying amount of the non-derivative portion of financial liabilities is the balance after separation of embedded derivatives. In subsequent periods, non-derivative financial liabilities are measured at amortized cost using the effective interest method and derivative financial liabilities are measured at fair value with changes in fair value recognized in profit or loss. Transaction costs related to the issuance of convertible bonds are allocated to the non-derivative financial liability portion of the instrument (included in the carrying amount of the liability) and the derivative financial liability portion (included in profit or loss) in proportion to their relative fair values.

(15) Hedging instruments

The Consolidated Company uses precious metal borrowing contracts for fair value hedge.

Changes in the fair value of hedging instruments designated and qualifying as fair value hedge and changes in the fair value of the hedged item attributable to the risk being hedged are recognized immediately in profit or loss and are recognized in the consolidated comprehensive income statement under the line item relating to the hedged item.

The Consolidated Company defers the cessation of hedge accounting only when the hedging relationship no longer meets the requirements for hedge accounting, including when the hedging instrument has expired, been sold, unbundled by contract or exercised.

(16) Statutory payments

Various types of payments (tariffs) levied by the government in accordance with the law are recognized as other liabilities when the transactions or activities that should be levied have occurred. The payment obligations that accrue over time are recognized as other liabilities on a periodic basis. The payment obligations that only arise upon reaching a specific threshold are recognized as other liabilities when the threshold is reached.

(17) 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.

(18) Revenue recognition

The Consolidated 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 Consolidated 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 (solar conductive plasma products are the main ones).

The credit period for goods sold by the Consolidated Company is 30 to 180 days. For most contracts, the accounts receivable are recognized when the control of the goods is transferred and there is the right to unconditionally receive the consideration. Such accounts receivable are usually short term and have no significant financial components.

(19) Leases

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

1. The Consolidated 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 Consolidated 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 consolidated 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, the lease liability is measured on an amortized cost basis using the effective interest method, and the interest expense is apportioned over the lease term. If a change in the index used to determine lease payments during the lease term results in a change in future lease payments, the Consolidated 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 consolidated balance sheet.

(20) Government grants

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.

(21) 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.

(22) Share-based payment agreement

1. Employee stock options and shares with restricted employee rights granted to employees

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 Consolidated 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.

When the Consolidated Company restricted employee rights shares, the other rights and interests (remuneration not earned by the employees) are recognized on the date of the grant and the capital reserve – restricted employee rights shares are adjusted at the same time. If it is a paid issue and it is agreed upon that the amount of consideration must be returned when the employee leaves the company, the relevant payables shall be recognized. When an employee leaves the company within the vested period, he/she does not need to return the dividends received. The dividends shall be recognized as expenses when declaring the distribution of dividends and the capital reserve – restricted employee rights shares shall be adjusted at the same time.

(23) Income tax

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

1. Current income tax

The Consolidated 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 income 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, associates, except where the Consolidated 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 Consolidated 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.

Estimations and Main Sources of Assumption Uncertainties

(1) Impairment of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs to complete the production and the estimated costs to complete the sale, which are based on current market conditions and historical sales experience of similar products. Changes in market conditions may materially affect the results of these estimates.

(2) Impairment of Investments in associates

When there is an indication that an investment in an affiliate may be impaired and the carrying amount may not be recoverable, the Consolidated Company assesses the impairment of the investment immediately. The Consolidated Company's management assesses impairment based on future cash flow projections of the associates, including assumptions on sales growth and capacity utilization as estimated by the associates' internal management. The Consolidated Company also considers the relevant market and industry conditions to determine the reasonableness of its relevant assumptions.

(3) Impairment of Property, plant and equipment

The impairment of property, plant and equipment is assessed based on their recoverable amount (i.e., the higher of their fair value less costs of disposal and their value in use). Changes in market prices, future cash flows, or discount rates will affect the recoverable amount of these assets, which may result in the Group having to recognize additional impairment losses or reverse previously recognized impairment losses.

(4) Estimate of goodwill impairment

In determining whether goodwill is impaired, the value in use of the cash-generating unit to which goodwill is allocated is estimated. For value-in-use

calculations, management should estimate the future cash flows expected to be generated from the cash-generating units and determine the appropriate discount rate to be used in the present value calculation. If actual cash flows are less than expected, a significant impairment loss may occur.

6. Cash and cash equivalents

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------------------------|--------------------------|--------------------------|
| Cash on hand and petty cash | \$ 848 | \$ 625 |
| Checking and demand deposit accounts | 1,799,770 | 2,127,629 |
| Cash equivalents | | |
| Time deposits in banks | <u>276,345</u> | <u>653,242</u> |
| | <u>\$ 2,076,963</u> | <u>\$ 2,781,496</u> |

7. Financial instruments at fair value through profit or loss

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| <u>Financial assets – non-current</u> | | |
| Mandatorily measured at fair value through profit or loss | | |
| Non-derivative financial assets | | |
| - Funds | <u>\$ 34,253</u> | <u>\$ 33,560</u> |

The Company's financial assets at fair value through profit or loss are not provided as guarantee.

8. Financial assets measured at fair value through other comprehensive income

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Investment in equity instruments – non-current | | |
| TWSE-/TPEX-listed stocks | | |
| TSEC CORPORATION | \$ - | \$ 3,472 |
| Stocks listed on emerging stock market | | |
| Long Time Tech. Co., Ltd. | 256,160 | 256,160 |
| Unlisted stocks | | |
| Foresight Energy Technology | 96,000 | - |
| Yusheng Energy Co., Ltd. | 60,000 | 60,000 |
| Big Sun Energy Technology Inc. | 5,625 | 5,625 |
| Phoenix Battery Corporation | 5,000 | 5,000 |
| Adjustments to the valuation of financial assets at fair value through other comprehensive income | <u>(88,364)</u> | <u>38,431</u> |
| | <u>\$334,421</u> | <u>\$368,688</u> |

The Consolidated Company invests in the ordinary shares of the Company listed above for medium- to long-term strategic purposes and expects to earn a profit from the long-term investment. The Consolidated 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.

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

In March 2022, the Group participated in the cash capital increase of ACRO Biomedical Co., Ltd. and acquired 4,000,000 ordinary shares, and also purchased 1,000 shares from the open market, with a total investment amount of NT\$80,024 thousand. As this is a long-term strategic investment, it has been designated as a financial asset measured at fair value through other comprehensive income.

As the Consolidated Company has served as a corporate director of ACRO Biomedical Co. Ltd. since June 24, 2022, it has gained a significant influence on the latter, so said investment is accounted for using the equity method.

In July 2021 and August 2023, the Consolidated Company participated in the cash capital increase by TSEC CORPORATION and acquired 131 thousand and 147 thousand shares in the amount of NT\$3,472 thousand and NT\$3,984 thousand, respectively.

In August 2023, the Group participated in the cash capital increase of Foresight Energy Technology and acquired 3,200,000 ordinary shares, with an investment amount of NT\$96,000 thousand. As this is a long-term strategic investment, it has been designated as a financial asset measured at fair value through other comprehensive income.

Due to its investment strategy, the Consolidated Company sold and derecognized certain investments in equity instruments at fair value through other comprehensive income. The Information related to the derecognition during 2023 and 2022 is as follows.

| | 2023 | 2022 |
|---|----------|-----------|
| Fair value at the date of derecognition. | \$ 8,339 | \$ 80,700 |
| Accumulated gain on disposal of retained earnings transferred from other equity | (884) | (676) |

9. Notes receivable, accounts receivable and other receivables

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| <u>Notes receivables</u> | | |
| Measured at amortized cost | | |
| Total book value | \$ 71,828 | \$184,384 |
| Less: allowance for loss | <u>-</u> | <u>-</u> |
| | <u>\$ 71,828</u> | <u>\$184,384</u> |
| <u>Accounts receivables</u> | | |
| Measured at amortized cost | | |
| Total book value | \$991,256 | \$977,147 |
| Less: allowance for loss | (<u>238,813</u>) | (<u>291,202</u>) |
| | <u>\$752,443</u> | <u>\$685,945</u> |
| <u>Accounts receivable – related party</u> | | |
| Measured at amortized cost | | |
| Total book value | \$ 3,832 | \$ 33,895 |
| Less: allowance for loss | (<u>38</u>) | (<u>807</u>) |
| | <u>\$ 3,794</u> | <u>\$ 33,088</u> |
| <u>Other receivables</u> | | |
| Tax refund receivable | \$ 20,685 | \$ 25,526 |
| Other receivables – other | 26,798 | 20,400 |
| Less: allowance for loss | (<u>17,949</u>) | (<u>17,949</u>) |
| | 29,534 | 27,977 |
| Other receivables – related party | <u>1,957</u> | <u>19,652</u> |
| | <u>\$ 31,491</u> | <u>\$ 47,629</u> |

(1) Notes receivables

The Consolidated Company entered into a contract with a financial institution for the discounting of certain notes receivable with recourse. Although the Consolidated Company transferred the contractual rights of cash flow of these notes receivable, the Consolidated Company still had to bear the credit risk of uncollectability of these notes receivable according to the contract, and did not meet the conditions of financial assets derecognition. Information related to the transaction is as follows.

| | <u>December 31, 2023</u> | | |
|---------------------------------|--------------------------|------------------------|-----------------------|
| <u>Transaction counterparty</u> | <u>Amount</u> | <u>Amount</u> | |
| | <u>Transferred</u> | <u>advanced (Note)</u> | <u>Interest range</u> |
| China Merchants Bank | \$ 15,882 | \$ 15,882 | 2.05% |
| Sany Financial Notes | <u>9,332</u> | <u>9,332</u> | 3.98% |
| | <u>\$ 25,214</u> | <u>\$ 25,214</u> | |

| Transaction counterparty | December 31, 2022 | | |
|--------------------------|-----------------------|---------------------------|----------------|
| | Amount Transferred | Amount advanced (Note) | Interest range |
| Bank of China | <u>\$ 40,211</u> | <u>\$ 40,211</u> | 1.13%~1.65% |

Note: Please refer to Notes 18 and 33 for information on short-term borrowings and short-term loans and related guarantees.

(2) Accounts receivables

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

The average credit period of the Consolidated Company's product sales ranges from 30 to 180 days.

Each unit of the Consolidated 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 Consolidated Company's internal rating standards. The Consolidated 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 Consolidated Company's policies. Since the Consolidated 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 Consolidated 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. Accounts receivable are classified into groups by considering the credit rating of counterparties, regions and industries, and a reserve matrix is used to measure the allowance for loss.

If there is evidence that the counterparty is in serious financial difficulty and the Consolidated Company cannot reasonably expect to recover the amount, the Consolidated Company shall directly write off the related accounts receivable but shall engage in recourse activities and recognize the amount recovered in profit or loss as a result of the recourse.

The Consolidated Company measured the allowance for losses on notes and accounts receivable based on the reserve matrix as follows.

December 31, 2023

| | Not past due | 1–60 days past due | 61–120 days past due | Over 121 days past due | Total |
|---|-------------------|--------------------|----------------------|------------------------|-------------------|
| Expected credit impairment loss | 0%~0.58% | 0.25%~22.91% | 16.59%~57.73% | 77.79%~100% | |
| Total book value | \$ 793,368 | \$ 26,678 | \$ 5,564 | \$ 241,306 | \$ 1,066,916 |
| Allowance for loss (expected credit loss during the life) | (2,095) | (1,590) | (1,839) | (233,327) | (238,851) |
| Amortized cost | <u>\$ 791,273</u> | <u>\$ 25,088</u> | <u>\$ 3,725</u> | <u>\$ 7,979</u> | <u>\$ 828,065</u> |

December 31, 2022

| | Not past due | 1–60 days past due | 61–120 days past due | Over 121 days past due | Total |
|---|-------------------|--------------------|----------------------|------------------------|-------------------|
| Expected credit impairment loss | 0%~6.17% | 1.57%~20.81% | 4.37%~29.88% | 18.75%~100% | |
| Total book value | \$ 862,390 | \$ 28,585 | \$ 5,544 | \$ 298,907 | \$ 1,195,426 |
| Allowance for loss (expected credit loss during the life) | (9,694) | (3,853) | (1,958) | (276,504) | (292,009) |
| Amortized cost | <u>\$ 852,696</u> | <u>\$ 24,732</u> | <u>\$ 3,586</u> | <u>\$ 22,403</u> | <u>\$ 903,417</u> |

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

| | 2023 | 2022 |
|--|------------------|------------------|
| Balance at the beginning of the year | \$292,009 | \$198,291 |
| Provision (reversal) of impairment loss for the year | (51,385) | 91,415 |
| Actual write off for the year | (498) | - |
| Recovery of bad debts written off | - | 2,331 |
| Foreign currency translation differences | (1,275) | (28) |
| Balance at the end of the year | <u>\$238,851</u> | <u>\$292,009</u> |

The changes in the allowance for loss as of December 31, 2023 and 2022 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.

10. Inventories

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------|--------------------------|--------------------------|
| Raw materials (Note) | \$ 963,174 | \$ 711,444 |
| Work in process | 170,711 | 170,480 |
| Finished goods | 127,609 | 142,894 |
| Merchandise | <u>4,320</u> | <u>7,826</u> |
| Total | <u>\$ 1,265,814</u> | <u>\$ 1,032,644</u> |

Note: As of December 31, 2023 and 2022, the valuation gains (losses) of the borrowed silver ingots were NT\$(13,226) thousand and NT\$11,182 thousand, respectively.

The costs of sales related to inventories in 2023 and 2022 were NT\$3,118,576 thousand and NT\$5,161,433 thousand, respectively. Cost of goods sold consisted of NT\$104,010 thousand and \$(15,034) thousands of loss on decline in value of inventories (reversal gain). The increase in the net realizable value of inventories is due to the clearance of certain previously provided for slow-moving inventories.

The Consolidated Company has a contract with a raw material supplier to borrow silver ingots for production, which is repayable in kind within one year plus interest. As of December 31, 2023 and 2022, the Consolidated Company had NT\$655,237 thousand and NT\$446,977 thousand, respectively, of silver ingots borrowed and outstanding, which were recorded under inventory and financial liabilities (for hedging), respectively, and interest expense was appropriately estimated.

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

11. Subsidiaries

(1) Information on subsidiaries with significant non-controlling interests

| <u>Subsidiary name</u> | <u>Main Business Location</u> | <u>Percentage of ownership interests and voting rights held in non-controlling interests</u> | |
|-------------------------------------|-------------------------------|--|--------------------------|
| | | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
| Hua Hsu Silicon Materials Co., Ltd. | Taiwan | 65.97% | 65.77% |

The following aggregated financial information for each subsidiary has been prepared using amounts before elimination of intercompany transactions:

Hua Hsu Silicon Materials Co., Ltd. and its consolidated subsidiaries

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Current assets | \$ 805,085 | \$ 849,106 |
| Non-current assets | 816,553 | 779,256 |
| Current liabilities | (419,185) | (424,160) |
| Non-current liabilities | (107,312) | (156,150) |
| Equity | <u>\$ 1,095,141</u> | <u>\$ 1,048,052</u> |
| Equity attributable to: | | |
| Shareholders of the company | \$ 372,677 | \$ 358,748 |
| Non-controlling interests in Hua Hsu Silicon Materials Co., Ltd. | <u>722,464</u> | <u>689,304</u> |
| | <u>\$ 1,095,141</u> | <u>\$ 1,048,052</u> |
| | <u>2023</u> | <u>2022</u> |
| Operating revenues | <u>\$ 396,111</u> | <u>\$ 1,686,148</u> |
| Net losses for the year | (\$ 381,253) | (\$ 37,017) |
| Other comprehensive income | <u>4,715</u> | <u>(2,656)</u> |
| Total comprehensive loss | <u>(\$ 376,538)</u> | <u>(\$ 39,673)</u> |
| Net loss attributable to: | | |
| Shareholders of the company | (\$ 130,181) | (\$ 12,671) |
| Non-controlling interests in Hua Hsu Silicon Materials Co., Ltd. | <u>(251,072)</u> | <u>(24,346)</u> |
| | <u>(\$ 381,253)</u> | <u>(\$ 37,017)</u> |
| Total comprehensive income attributable to: | | |
| Shareholders of the company | (\$ 128,555) | (\$ 13,580) |
| Non-controlling interests in Hua Hsu Silicon Materials Co., Ltd. | <u>(247,983)</u> | <u>(26,093)</u> |
| | <u>(\$ 376,538)</u> | <u>(\$ 39,673)</u> |
| Cash flow | | |
| Operating activities | (\$ 138,478) | (\$ 101,881) |
| Investment activities | (226,423) | (303,628) |
| Financing activities | 358,979 | 331,347 |
| Effect of exchange rate changes | <u>8,827</u> | <u>31,607</u> |
| Net cash inflow (outflow) | <u>\$ 2,905</u> | <u>(\$ 42,555)</u> |

12. Investment using the equity method

(1) Investment in affiliates

| | | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------------------------------|--|--------------------------|--------------------------|
| Associates of no materiality | | | |
| Tron Energy Technology Corporation | | \$260,035 | \$432,523 |
| ACRO Biomedical Co. Ltd. | | 68,141 | 78,212 |
| Tron Giga (Yancheng) Energy Co., Ltd. | | <u>33,381</u> | <u>39,538</u> |
| | | <u>\$361,557</u> | <u>\$550,273</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, 2023</u> | <u>December 31, 2022</u> |
| Tron Energy Technology Corporation | Electric buses, diesel buses/battery systems/energy storage systems | Taoyuan City | 10.40% | 10.40% |
| ACRO Biomedical Co. Ltd. | Manufacturing and wholesale of medical devices | Kaohsiung City | 4.74% | 7.81% |
| Tron Giga (Yancheng) Energy Co., Ltd. | Battery module, battery pack and battery component assembly | Yancheng City, Jiangsu Province | 49% | 49% |

Due to the provision of important technical information and serving as a director of Tron Energy Technology Corporation, it is determined that the Consolidated Company has significant influence on Tron Energy Technology Corporation. The goodwill of the company acquired is NT\$293,538 thousand, which is the cost of investing in affiliated enterprises.

The Consolidated Company invested in the stock in ACRO Biomedical Co. Ltd. in March 2022 and estimated to make profits through long-term investment. Initially, the Consolidated Company elected to designate the investment as at fair value through other comprehensive income, but because the Company has served as a corporate director of ACRO Biomedical Co., Ltd. since June 24, 2022 and, thus, gained significant influence on the company. Therefore, the former adopted the equity method to account for the investment.

The Consolidated Company sold a total of 1,101 thousand shares in ACRO Biomedical Co. Ltd. from July to December 2023, resulting in a decrease in its shareholding from 7.81% to 4.74%.

In 2023, the Consolidated Company assessed the investment in its associate, Tron Energy Technology Corporation, which is accounted for using the equity

method. The Company's management has performed an impairment test on this investment, comparing its carrying amount to the recoverable amount. The recoverable amount of this investment was measured based on its value in use. The value in use was calculated based on the estimated cash flows generated from the associate's operations and the cash flows from the ultimate disposal of the investment, discounted at an annual rate of 14.7% to determine the present value of the Company's share. Based on the evaluation, as the recoverable amount was less than the carrying amount, an impairment loss of NT\$127,504 thousand was recognized. This impairment loss has been included in the other gains and losses section of the consolidated statement of comprehensive income.

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

| | 2023 | 2022 |
|---|-------------|-------------|
| Net losses from continuing operations for this period | (\$ 53,617) | (\$ 30,646) |
| Other comprehensive income | (17) | 633 |
| Total comprehensive income | (\$ 53,634) | (\$ 30,013) |

No collateral was provided for the above investments in associates.

13. Property, plant and equipment

| | December 31, 2023 | December 31, 2022 |
|---------------------------|---------------------|---------------------|
| Self-use | \$ 4,648,662 | \$ 4,419,104 |
| Operating lease lease-out | 4,024 | 12,976 |
| | <u>\$ 4,652,686</u> | <u>\$ 4,432,080</u> |

(1) Self-use

| | Land | Houses and buildings | Machinery equipment | Office equipment | R&D equipment | Miscellaneous equipment | Construction in progress and equipment to be inspected | Total |
|--|---------------------|----------------------|---------------------|------------------|-------------------|-------------------------|--|---------------------|
| <u>Costs</u> | | | | | | | | |
| Balance on January 1, 2023 | \$ 1,755,789 | \$ 1,247,768 | \$ 2,465,546 | \$ 11,872 | \$ 328,574 | \$ 164,973 | \$ 673,541 | \$ 6,648,063 |
| Additions | - | 46,506 | 374,469 | 6,008 | 11,290 | 20,119 | 194,720 | 653,112 |
| Disposal | - | (13,684) | (53,669) | (225) | (87,208) | (6,187) | - | (160,973) |
| Transfer | - | 9,063 | 151 | - | 782 | 8,977 | (18,133) | 840 |
| Net exchange difference | (4,063) | (18,564) | (80,954) | (103) | - | (1,784) | 6,290 | (99,178) |
| Balance as of December 31, 2023 | <u>\$ 1,751,726</u> | <u>\$ 1,271,089</u> | <u>\$ 2,705,543</u> | <u>\$ 17,552</u> | <u>\$ 253,438</u> | <u>\$ 186,098</u> | <u>\$ 856,418</u> | <u>\$ 7,041,864</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | | | |
| Balance on January 1, 2023 | \$ - | \$ 295,806 | \$ 1,096,779 | \$ 8,369 | \$ 290,543 | \$ 93,249 | \$ 444,213 | \$ 2,228,959 |
| Depreciation expense | - | 87,379 | 166,611 | 1,845 | 14,654 | 19,727 | - | 290,216 |
| Impairment losses | - | - | 49,149 | - | - | - | - | 49,149 |
| Disposal | - | (12,945) | (44,423) | (225) | (86,952) | (6,183) | - | (150,728) |
| Transfer | - | 2,387 | (2,028) | - | 422 | - | - | 781 |
| Net exchange difference | - | (4,967) | (26,982) | (75) | - | (1,473) | 8,322 | (25,175) |
| Balance as of December 31, 2023 | <u>\$ -</u> | <u>\$ 367,660</u> | <u>\$ 1,239,106</u> | <u>\$ 9,914</u> | <u>\$ 218,667</u> | <u>\$ 105,320</u> | <u>\$ 452,535</u> | <u>\$ 2,393,202</u> |
| Net as of December 31, 2023 | <u>\$ 1,751,726</u> | <u>\$ 903,429</u> | <u>\$ 1,466,437</u> | <u>\$ 7,638</u> | <u>\$ 34,771</u> | <u>\$ 80,778</u> | <u>\$ 403,883</u> | <u>\$ 4,648,662</u> |

| | | | | | | | | |
|--|---------------------|---------------------|---------------------|------------------|-------------------|-------------------|-------------------|---------------------|
| <u>Costs</u> | | | | | | | | |
| Balance as of January 1, 2022 | \$ 977,979 | \$ 1,071,502 | \$ 2,355,406 | \$ 11,142 | \$ 320,640 | \$ 99,580 | \$ 885,384 | \$ 5,721,633 |
| Additions | 697,585 | 128,400 | 152,906 | 2,892 | 8,728 | 69,738 | 91,365 | 1,151,614 |
| Disposal | - | - | (13,387) | (2,246) | (4,483) | (4,534) | (143,279) | (167,929) |
| Transfer | 80,000 | 33,999 | (3,689) | - | 3,689 | - | (170,911) | (56,912) |
| Net exchange difference | 225 | 13,867 | (25,690) | 84 | - | 189 | 10,982 | (343) |
| Balance as of December 31, 2022 | <u>\$ 1,755,789</u> | <u>\$ 1,247,768</u> | <u>\$ 2,465,546</u> | <u>\$ 11,872</u> | <u>\$ 328,574</u> | <u>\$ 164,973</u> | <u>\$ 673,541</u> | <u>\$ 6,648,063</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | | | |
| Balance as of January 1, 2022 | \$ - | \$ 227,660 | \$ 960,013 | \$ 9,491 | \$ 276,442 | \$ 85,420 | \$ 496,040 | \$ 2,055,066 |
| Depreciation expense | - | 64,828 | 147,076 | 1,024 | 18,821 | 12,084 | - | 243,833 |
| Impairment losses | - | - | - | - | - | - | 45,079 | 45,079 |
| Disposal | - | - | (8,003) | (2,210) | (4,483) | (4,247) | (104,748) | (123,691) |
| Transfer | - | - | 237 | - | (237) | - | - | - |
| Net exchange difference | - | 3,318 | (2,544) | 64 | - | (8) | 7,842 | 8,672 |
| Balance as of December 31, 2022 | <u>\$ -</u> | <u>\$ 295,806</u> | <u>\$ 1,096,779</u> | <u>\$ 8,369</u> | <u>\$ 290,543</u> | <u>\$ 93,249</u> | <u>\$ 444,213</u> | <u>\$ 2,228,959</u> |
| Net amount as of December 31, 2022 | <u>\$ 1,755,789</u> | <u>\$ 951,962</u> | <u>\$ 1,368,767</u> | <u>\$ 3,503</u> | <u>\$ 38,031</u> | <u>\$ 71,724</u> | <u>\$ 229,328</u> | <u>\$ 4,419,104</u> |

The Consolidated Company determined the recoverable amount of this equipment at fair value less costs of disposal. The related fair value was determined by the cost method, and the main assumptions include the evaluation of physical wear and economic wear, which was a Level 3 fair value measurement.

In 2023, the Consolidated Company's management assessed that the future cash inflows of the cutting equipment of Suzhou Giga Solar Materials Corporation were reduced, resulting in the recoverable amount being lower than the carrying amount. Consequently, the carrying amount of the machinery and equipment was written down to the recoverable amount, and an impairment loss of NT\$7,240 thousand was recognized. The impairment loss was included in other gains and losses in the consolidated comprehensive income statement. The Company determines the recoverable amount based on the fair value less disposal cost.

The diamond line has been experiencing poor market sales, so the Consolidated Company expects that the future economic benefits of the equipment used to produce the specific product specifications will decrease. As a result, the recoverable amount is less than the carrying amount, and the Company has recognized an impairment loss of NT\$41,909 thousand in 2023. The impairment loss was included in other gains and losses in the consolidated comprehensive income statement.

In 2021, the Consolidated Company's management assessed that the recoverable amount of the solar plant in the Philippines was lower than the carrying amount, so it wrote down the carrying amount of the relevant unfinished construction to the estimated recoverable amount, and an impairment loss of NT\$45,079 thousand was recognized after the assessment. The impairment loss was included in other gains and losses in the consolidated comprehensive income statement.

Please refer to Note 33 for the amount of land and machinery provided as collateral for borrowings.

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

| | |
|---|---------------|
| Buildings | 6 to 51 years |
| Plant buildings and auxiliary equipment | 3 to 11 years |
| Machinery equipment | 1 to 10 years |
| Office equipment | 2 to 6 years |
| R&D equipment | 1 to 6 years |
| Miscellaneous equipment | 2 to 16 years |

(2) Operating lease lease-out

| | <u>Houses and buildings</u> |
|------------------------------------|-----------------------------|
| <u>Costs</u> | |
| Balance on January 1, 2023 | \$ 17,279 |
| Transfer | (9,063) |
| Balance as of December 31, 2023 | <u>\$ 8,216</u> |
| <u>Accumulated depreciation</u> | |
| Balance on January 1, 2023 | \$ 4,303 |
| Depreciation expense | 670 |
| Transfer | (781) |
| Balance as of December 31, 2023 | <u>\$ 4,192</u> |
| Net as of December 31, 2023 | <u>\$ 4,024</u> |
| <u>Costs</u> | |
| Balance as of January 1, 2022 | \$ 8,216 |
| Additions | <u>9,063</u> |
| Balance as of December 31, 2022 | <u>\$ 17,279</u> |
| <u>Accumulated depreciation</u> | |
| Balance as of January 1, 2022 | \$ 2,851 |
| Depreciation expense | <u>1,452</u> |
| Balance as of December 31, 2022 | <u>\$ 4,303</u> |
| Net amount as of December 31, 2022 | <u>\$ 12,976</u> |

The total amount of lease payments to be received in the future for leasing out self-owned buildings under operating leases is as follows:

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------|--------------------------|--------------------------|
| Year 1 | \$ 3,724 | \$ 4,054 |
| Year 2 | 3,613 | 4,054 |
| Year 3 | 3,613 | 4,062 |
| Year 4 | 3,613 | 4,076 |
| Year 5 | 3,613 | 4,076 |
| Over 5 years | <u>10,840</u> | <u>11,635</u> |
| | <u>\$ 29,016</u> | <u>\$ 31,957</u> |

The buildings leased out by the Consolidated Company under operating leases are depreciated over the useful life of 12 years.

14. Lease agreements

(1) Right-of-use assets

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Book value of right-of-use assets | | |
| Land | \$ 81,454 | \$ 89,953 |
| Buildings | 71,739 | 191,809 |
| Transportation equipment | <u>231</u> | <u>459</u> |
| | <u>\$153,424</u> | <u>\$282,221</u> |
| | <u>2023</u> | <u>2022</u> |
| Addition of right-of-use assets | <u>\$ -</u> | <u>\$ 6,108</u> |
| Depreciation expense of right-of-use assets | | |
| Buildings | \$ 25,321 | \$ 29,316 |
| Land | 4,790 | 4,888 |
| Transportation equipment | <u>228</u> | <u>259</u> |
| | <u>\$ 30,339</u> | <u>\$ 34,463</u> |

(2) Lease liabilities

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------------------------|--------------------------|--------------------------|
| Book value of lease liabilities | | |
| Current | <u>\$ 22,827</u> | <u>\$ 39,541</u> |
| Non-current | <u>\$ 81,622</u> | <u>\$194,858</u> |

The discount rate range for lease liabilities is as follows:

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------------|--------------------------|--------------------------|
| Land | 2.6% | 2.60% |
| Buildings | 1.35%~2.11% | 1.35%~2.11% |
| Transportation equipment | 1.47%~4.50% | 1.35%~5.88% |

(3) Important lease activities and terms

Some of the Consolidated 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 Consolidated 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 Consolidated Company only. The Consolidated 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 Consolidated 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 leases

Please refer to Notes 13 and 15 for the Consolidated Company's agreements on lease-out of its property, plant and equipment and investment property under operating leases.

| | <u>2023</u> | <u>2022</u> |
|---|------------------|------------------|
| Short-term and low-value lease expenses | <u>\$ 17,122</u> | <u>\$ 8,438</u> |
| Total cash outflow from leases | <u>\$ 48,997</u> | <u>\$ 49,735</u> |

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

15. Investment property

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

| | <u>2023</u> | <u>2022</u> |
|--|-----------------|------------------|
| <u>Cost and net carrying amount</u> | | |
| Balance as of December 31, 2023 and 2022 | | <u>\$ 35,733</u> |
| Rental income from investment property | <u>\$ 1,164</u> | <u>\$ 1,164</u> |

The land purchased by the Consolidated Company is located in the Xuejia Section and Zhongzhou Section of Tainan City. The land was used for the installation of solar power plants. Because it is agricultural land, the land is registered in the name of an individual with a land registration contract. The Consolidated Company is the right holder for the setting.

No investment property of the Consolidated Company was provided as collateral.

The Consolidated 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 fair value of investment properties held by the Consolidated Company was NT\$54,656 thousand and NT\$54,301 thousand as of December 31, 2023 and 2022, respectively. The aforementioned fair values were determined by using the cash flow analysis method; the main input used was the discount rate; and the main inputs used and their quantitative information are as follows:

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------|--------------------------|--------------------------|
| Discount rate | 2.26% | 2.19% |

16. Intangible assets

| | <u>Goodwill</u> | <u>Computer software</u> | <u>Technical royalty</u> | <u>Customer relationship</u> | <u>Total</u> |
|--|-------------------|--------------------------|--------------------------|------------------------------|-------------------|
| <u>Costs</u> | | | | | |
| Balance on January 1, 2023 | \$ 368,104 | \$ 10,093 | \$ 58,343 | \$ 113,575 | \$ 550,115 |
| Acquired separately | - | 2,750 | 850 | - | 3,600 |
| Net exchange difference | - | (2) | - | - | (2) |
| Balance as of December 31, 2023 | <u>\$ 368,104</u> | <u>\$ 12,841</u> | <u>\$ 59,193</u> | <u>\$ 113,575</u> | <u>\$ 553,713</u> |
| <u>Accumulated amortization and impairment</u> | | | | | |
| Balance on January 1, 2023 | \$ 32,495 | \$ 3,918 | \$ 57,511 | \$ 49,216 | \$ 143,140 |
| Amortization expenses | - | 1,976 | 1,052 | 11,357 | 14,385 |
| Recognized impairment losses | 13,144 | - | - | - | 13,144 |
| Balance as of December 31, 2023 | <u>\$ 45,639</u> | <u>\$ 5,894</u> | <u>\$ 58,563</u> | <u>\$ 60,573</u> | <u>\$ 170,669</u> |
| Net as of December 31, 2023 | <u>\$ 322,465</u> | <u>\$ 6,947</u> | <u>\$ 630</u> | <u>\$ 53,002</u> | <u>\$ 383,044</u> |
| <u>Costs</u> | | | | | |
| Balance as of January 1, 2022 | \$ 368,104 | \$ 3,240 | \$ 57,143 | \$ 113,575 | \$ 542,062 |
| Acquired separately | - | 6,853 | 1,200 | - | 8,053 |
| Balance as of December 31, 2022 | <u>\$ 368,104</u> | <u>\$ 10,093</u> | <u>\$ 58,343</u> | <u>\$ 113,575</u> | <u>\$ 550,115</u> |

Accumulated

amortization and
impairment

| | | | | | |
|---------------------------------------|-------------------|-----------------|------------------|------------------|-------------------|
| Balance as of January 1, 2022 | \$ 32,495 | \$ 2,896 | \$ 57,143 | \$ 37,859 | \$ 130,393 |
| Amortization expenses | <u>-</u> | <u>1,022</u> | <u>368</u> | <u>11,357</u> | <u>12,747</u> |
| Balance as of December 31, 2022 | <u>\$ 32,495</u> | <u>\$ 3,918</u> | <u>\$ 57,511</u> | <u>\$ 49,216</u> | <u>\$ 143,140</u> |
| Net amount as of December 31, 2022 | <u>\$ 335,609</u> | <u>\$ 6,175</u> | <u>\$ 832</u> | <u>\$ 64,359</u> | <u>\$ 406,975</u> |

Summary of amortization by function.

| | <u>2023</u> | <u>2022</u> |
|-------------------------|------------------|------------------|
| Administration expenses | <u>\$ 14,385</u> | <u>\$ 12,747</u> |

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

| | |
|-----------------------|-----------|
| Computer software | 2–5 years |
| Technical royalty | 10 years |
| Customer relationship | 10 years |

In accordance with IAS 36, the Consolidated Company's goodwill of NT\$276,703 thousand arising from the acquisition of EXOJET TECHNOLOGY CORPORATION in 2020 shall be tested for impairment at least annually.-

In 2023, the Company evaluated the recoverable amount based on the value in use, and it was less than the carrying amount. Therefore, the Company recognized an impairment loss on goodwill of NT\$13,144 thousand under other gains and losses, and the remaining goodwill balance after the recognition came in at NT\$263,559 thousand.

The calculation of the value in use is based on the five-year financial projections approved by the management. The projected cash flows consider the order growth rate and the market growth scale. The weighted average revenue growth rate is consistent with the industry report's forecasts. The budgeted gross profit margin is determined based on the standard gross margin and production volume. A pre-tax discount rate of 13.4% has been used, which reflects the specific risks of the relevant operating divisions.

17. Prepayments and other assets

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------|--------------------------|--------------------------|
| Long-term prepaid expenses | \$267,125 | \$288,900 |
| Prepayments for equipment | 108,055 | 280,377 |
| Prepayments for goods | 92,290 | 163,013 |
| Tax overpaid retained | 78,263 | 33,731 |
| Refundable deposits | 71,894 | 44,666 |
| Input tax | 70,575 | 70,886 |
| Pre-paid expenses | 43,078 | 55,282 |
| Others | 39,835 | 20,297 |
| | <u>\$771,115</u> | <u>\$957,152</u> |
| Current | \$345,456 | \$362,530 |
| Non-current | <u>425,659</u> | <u>594,622</u> |
| | <u>\$771,115</u> | <u>\$957,152</u> |

In 2022, the Consolidated Company recognized impairment losses of NT\$39,231 thousand after management assessed the recoverable amount of prepayments to suppliers for the solar power plant in the Philippines. The impairment losses have been included in other gains and losses in the consolidated comprehensive income statement.

18. Borrowings

(1) Short-term borrowings

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------------------------------|--------------------------|--------------------------|
| <u>Secured borrowings</u> | | |
| Bank borrowings (Note) | \$269,043 | \$163,210 |
| <u>Unsecured borrowings</u> | | |
| Line of credit borrowings | 252,601 | 103,000 |
| Related party borrowings (Note 32) | <u>10,125</u> | <u>-</u> |
| | <u>\$531,769</u> | <u>\$266,210</u> |

Note: As of December 31, 2023 and 2022, the amount of secured bank borrowings that were discounted notes receivable were NT\$25,214 thousand and NT\$40,211 thousand, respectively (See Note 9).

The effective annual interest rates of the above short-term borrowings as of December 31, 2023 and 2022 ranged from 1.83% to 6.00% and 1.20% to 7.32%, respectively.

(2) Long-term borrowings

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------|--------------------------|--------------------------|
| <u>Secured borrowings</u> | | |
| Medium- and long-term bank | \$ 1,867,495 | \$ 1,514,131 |

| | | |
|-----------------------------------|---------------------|---------------------|
| borrowings (Note 1) | | |
| <u>Unsecured borrowings</u> | | |
| Line of credit borrowing (Note 2) | <u>52,898</u> | <u>133,691</u> |
| Subtotal | 1,920,393 | 1,647,822 |
| Portion due within one year | (<u>201,301</u>) | (<u>291,304</u>) |
| | <u>\$ 1,719,092</u> | <u>\$ 1,356,518</u> |

Note 1: The maturity date of the above-mentioned medium and long-term borrowings is to be repaid in batches before the end of June 2028. As of December 31, 2023 and 2022, the interest rates were 1.50% to 2.96% and 1.50% to 3.03%, respectively.

Note 2: The maturity date of the above-mentioned medium and long-term borrowings is to be repaid in batches before the end of July 2029. As of December 31, 2023 and 2022, the interest rates were 1.84% to 2.75% and 1.65% to 2.63%, respectively.

Note 3: For collaterals for long-term borrowings of the Consolidated Company, please refer to Note 33.

19. Corporate bonds payable

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Domestic unsecured convertible bonds | \$ - | \$339,700 |
| Less: Discount on corporate bonds payable | - | (294) |
| Less: portion classified as due within one year | <u>-</u> | (<u>339,406</u>) |
| | <u>\$ -</u> | <u>\$ -</u> |

On January 25, 2018, the Company issued its 2nd domestic secured convertible bonds with the following major terms:

- (1) Face value: NT\$100 thousand
- (2) Issuing price: 100%
- (3) Total face value of issue: NT\$2,000,000 thousand.
- (4) Coupon Rate 0%
- (5) Bond period: 5 years (January 25, 2018 through January 25, 2023).
- (6) Repayment method: Except for early conversion or reverse repurchase by bondholders or early redemption by the Company, the Company will repay the bonds in cash at the face value of the bonds upon maturity.

- (7) Redemption right of the corporate bonds: If the closing price of the Company's ordinary shares exceeds the prevailing conversion price by 30% (inclusive) or more for 30 consecutive business days from the day after the first month of issuance until the 40th day after the end of the issuance period, or if the outstanding balance of the bonds is less than 10% of the original issue amount, the Consolidated Company may redeem the outstanding bonds at face value in cash.
- (8) Redemption right of bondholders: The benchmark date for the redemption of the convertible corporate bonds by bondholders is three years after the issuance (January 25, 2021). Bondholders can request the Company to redeem 103.80% of the face value of the bonds in cash and request the Taipei Exchange via letter to announce the exercise of the redemption right of the convertible corporate bondholders 30 days before the benchmark date for the redemption (December 26, 2020).
- (9) Conversion:
1. Bondholders may, from the day after the expiration of one month after the issuance date to 10 days before the expiration date, apply to the Company for conversion into its ordinary shares in accordance with the provisions of relevant laws and regulations. As of December 31, 2023, bondholders have requested the conversion of a total of one lot of corporate bonds with a face value of NT\$100 thousand, and requested the conversion into 432 ordinary shares of the Company. The capital increase benchmark date was May 14, 2021 and the change registration was completed on June 11, 2021.
 2. Conversion price: the conversion price at issuance was set at NT\$253.31 per share.
 3. Adjustment to conversion price
 - (1) After the issuance of corporate bonds, the conversion price shall be adjusted when the number of issued (or private placement) ordinary shares of the Company increases (including, but not limited to, rights shares, capital increase from earnings, capital increase from capital surplus, issuance of new shares for merger or for acquiring shares of other companies, stock split and rights shares to sponsor the issuance of overseas depositary receipts, by way of subscription or private placement), except for the conversion of ordinary shares by issuing various marketable securities with conversion options of ordinary shares.

- (2) If the ratio of cash dividends to the current price per share exceeds 1.5%, the conversion price shall be reduced by the ratio of the current price per share on the ex-dividends date after the bonds are issued.
 - (3) If, after the issuance of this convertible bond, the Company reissues (or private placement) various securities with conversion or subscription rights to ordinary shares at a conversion or subscription price lower than the current price per share, the Company shall adjust the conversion price.
 - (4) After the issuance of the convertible bonds, the Company shall adjust the conversion price in the event of a reduction in the number of shares of common stock due to a capital reduction other than the retirement of treasury stock.
4. Giga Solar Materials Corporation repurchased or redeemed corporate bonds on the open market according to the market price or by executing the put option of the bondholders. As of December 31, 2023, a total of 20,000 corporate bond certificates were repurchased or redeemed, with a face value of NT\$2,000,000 thousand. Giga Solar Materials Corporation apportioned the repurchase or redemption price to the liability component and the equity component and apportioned the difference between the amount of the liability component and its book value.

20. Other payables and other liabilities

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------------------------------|--------------------------|--------------------------|
| <u>Current</u> | | |
| Other payables | | |
| Salaries and bonuses payable | \$ 69,316 | \$ 69,910 |
| Payable on machinery and equipment | 67,850 | 90,374 |
| Premiums payable | 10,235 | 10,237 |
| Business tax payable | 2,879 | 17,244 |
| Others | <u>127,310</u> | <u>157,524</u> |
| | <u>\$277,590</u> | <u>\$345,289</u> |
| Other liabilities | | |
| Contract liabilities | \$ 18,076 | \$ 3,023 |
| Provision for liabilities | 13,549 | - |
| Refund liabilities | 11,943 | 26,795 |
| Others | <u>6,507</u> | <u>11,278</u> |
| | <u>\$ 50,075</u> | <u>\$ 41,096</u> |

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| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------|--------------------------|--------------------------|
| <u>Non-current</u> | | |
| Tariffs payable | <u>\$ 1,364</u> | <u>\$ -</u> |

21 Post-employment benefit plan

(1) Defined contribution plan

The pension system of the Company and its domestic subsidiaries in the Consolidated Company 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.

In accordance with local government regulations, subsidiaries in Mainland China contribute a certain percentage of employees’ salaries to the pension insurance fund, which is paid to the relevant government departments and deposited in separate account for each employee.

The Consolidated Company’s other foreign subsidiaries contribute pension funds to the related pension management business in accordance with local laws and regulations.

(2) Defined benefit plan

The pension system of the Company and its domestic subsidiaries in the Consolidated Company 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 companies appropriate 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 Consolidated Company has no right to influence the investment management strategy.

The amounts included in the consolidated balance sheets for defined benefit plan are shown below:

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Present value of defined benefit obligations | \$ 33,203 | \$ 26,998 |
| Fair value of plan assets | (<u>10,192</u>) | (<u>9,354</u>) |
| Net defined benefit liabilities | <u>\$ 23,011</u> | <u>\$ 17,644</u> |

The changes in net defined benefit liabilities are as follows:

| | <u>Present value of defined benefit obligations</u> | <u>Fair value of plan assets</u> | <u>Net defined benefit liabilities</u> |
|--|---|--------------------------------------|--|
| January 1, 2022 | <u>\$ 35,629</u> | (<u>\$ 9,129</u>) | <u>\$ 26,500</u> |
| Financial costs | | | |
| Interest expense (income) | <u>284</u> | (<u>66</u>) | <u>218</u> |
| Recognized in profit or loss | <u>284</u> | (<u>66</u>) | <u>218</u> |
| Remeasurement | | | |
| Actuarial (gains) losses | | | |
| - Actuarial gains and losses from changes in demographic assumptions | 1 | - | 1 |
| - Changes in financial assumptions | (7,960) | - | (7,960) |
| - Adjustments through experiences | 110 | - | 110 |
| - Remeasurement of defined benefit assets | <u>-</u> | (<u>567</u>) | (<u>567</u>) |
| Recognized in other comprehensive income | (<u>7,849</u>) | (<u>567</u>) | (<u>8,416</u>) |
| Settlement of subsidiaries' defined benefit obligations | (<u>1,066</u>) | <u>1,117</u> | <u>51</u> |
| Employer appropriation | <u>-</u> | (<u>709</u>) | (<u>709</u>) |
| December 31, 2022 | <u>26,998</u> | (<u>9,354</u>) | <u>17,644</u> |
| Service costs | | | |
| Cost of service for the year | 166 | - | 166 |
| Financial costs | | | |
| Interest expense (income) | <u>389</u> | (<u>135</u>) | <u>254</u> |
| Recognized in profit or loss | <u>555</u> | (<u>135</u>) | <u>420</u> |

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| | | | |
|--|------------------|----------------------|------------------|
| Remeasurement | | | |
| Actuarial (gains) losses | | | |
| - Actuarial gains and losses from changes in demographic assumptions | 59 | - | 59 |
| - Changes in financial assumptions | 5,007 | - | 5,007 |
| - Adjustments through experiences | 584 | - | 584 |
| - Remeasurement of defined benefit assets | <u>-</u> | <u>(19)</u> | <u>(19)</u> |
| Recognized in other comprehensive income | <u>5,650</u> | <u>(19)</u> | <u>5,631</u> |
| Employer appropriation | <u>-</u> | <u>(684)</u> | <u>(684)</u> |
| December 31, 2023 | <u>\$ 33,203</u> | <u>(\$ 10,192)</u> | <u>\$ 23,011</u> |

The Consolidated 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 Consolidated 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 Consolidated 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, 2023</u> | <u>December 31, 2022</u> |
|----------------------------------|--------------------------|--------------------------|
| Discount rate | 1.33%~1.64% | 1.44% |
| Expected rate of salary increase | 2.29%~3.00% | 2.00% |

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, 2023</u> | <u>December 31, 2022</u> |
|----------------------------------|--------------------------|--------------------------|
| Discount rate | | |
| Increase by 0.5% | <u>(\$ 2,421)</u> | <u>(\$ 1,925)</u> |
| Decrease by 0.5% | <u>\$ 2,630</u> | <u>\$ 2,246</u> |
| Expected rate of salary increase | | |
| Increase by 0.5% | <u>\$ 2,574</u> | <u>\$ 2,222</u> |
| Decrease by 0.5% | <u>(\$ 2,395)</u> | <u>(\$ 1,924)</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, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Amount expected to be appropriated within 1 year | <u>\$ 687</u> | <u>\$ 708</u> |
| Average duration to maturity of defined benefit obligation | 15 - 36 years | 15 years |

22. Equity

(1) Capital stock

1. Ordinary shares

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Authorized number of shares (in thousands) | <u>150,000</u> | <u>100,000</u> |
| Authorized capital stock | <u>\$ 1,500,000</u> | <u>\$ 1,000,000</u> |
| Number of shares issued and fully paid (in thousands) | <u>91,883</u> | <u>91,883</u> |
| Ordinary shares publicly offered | \$ 791,974 | \$ 791,974 |
| Ordinary shares in private placement | <u>126,860</u> | <u>126,860</u> |
| Capital stock issued | <u>\$ 918,834</u> | <u>\$ 918,834</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 May 13, 2022, the Company's board of directors approved by resolution the issuance of no more than 16,000,000 new shares for a capital increase, with a par value of NT\$10 per share, and the Company reserved 15% of the total number of new shares issued for subscription by employees and provided 10% of the new shares for public underwriting by public subscription. This capital increase plan took effect on July 21, 2022 as approved by the competent authority. The capital for the shares has all been received and the registration of the change was completed on October 3, 2022.

The securities in the above private placement should not be resold to other parties except for the transferees specified in the Securities and Exchange Act within three years from the date of delivery.

In accordance with the Securities and Exchange Act, the Company's ordinary shares in the private placement above are subject to the restriction on circulation and transfer and can only be listed on Taipei Exchange after three years from the delivery date with the retro-active procedures for public offering completed. The rights and obligations of the ordinary shares in the private placement are the same as those of the Company's ordinary shares issued.

(2) Capital surplus

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| <u>For loss compensation,</u> | | |
| <u>payment in cash or</u> | | |
| <u>capitalization as equity (1)</u> | | |
| Stock issuance premium | \$ 4,889,701 | \$ 4,889,701 |
| Invalid employee stock options | 5,988 | 5,988 |
| Common stock premium – options | 25,879 | 25,879 |
| Corporate bond conversion premium | \$ 59,721 | \$ 59,721 |
| Treasury share transactions | 315,134 | 315,134 |
| Differences between equity price and carrying amount arising from actual acquisition or disposal of subsidiaries | 75,434 | 79,551 |
| Expiration of corporate bond options | 20,364 | - |

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| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| <u>Only for loss compensation</u> | | |
| Recognition of changes in ownership interest in subsidiaries (2) | 15,122 | - |
| Changes in net equity of associates accounted for using the equity method | 39,158 | 25,648 |
| <u>Not for any purpose</u> | | |
| Corporate bond options | - | 20,364 |
| | <u>\$ 5,446,501</u> | <u>\$ 5,421,986</u> |

1. Such capital surplus may be used to compensate 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.
- (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 shareholders and submit it to the shareholders' meeting for resolution on the distribution. The shareholder's bonus shall not be less than 30%.

The Company is currently growing. As a means to keep in line with the capital planning and meet the shareholders' demand for cash flow, the percentage of cash dividends paid for the year may not be less than 10% of the total amount of cash and stock dividends.

Please refer to Note 24(7) Employee and director remuneration 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.

The Company specified 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 profit plus items other than the after-tax net profit of the current period will be added into the undistributed surplus of the current period for the allocation.

The earnings distribution proposals for 2022 and 2021 approved at the general shareholders' meeting of the Company on June 9, 2023 and June 9, 2022 are as follows:

| | 2022 | 2021 |
|---|--------------------|-------------------|
| Unappropriated earnings at the beginning of the year | \$ 948,680 | \$ 1,119,295 |
| Remeasurement of defined benefit plan | 8,416 | 2,276 |
| Net losses for the year | (495,153) | (375,458) |
| Disposal of equity instruments at fair value through other comprehensive income | 676 | 35,484 |
| Recognition of changes in ownership interest in subsidiaries | (22,457) | - |
| Reversal (appropriation) of special reserve in accordance with the law | (<u>139,723</u>) | <u>167,083</u> |
| Unappropriated earnings at the end of the year | <u>\$ 300,439</u> | <u>\$ 948,680</u> |

The loss compensation proposal for 2023 as proposed by the board meeting on March 28, 2024 is as follows:

| | 2023 |
|---|----------------|
| Unappropriated earnings at the beginning of the year | \$300,439 |
| Remeasurement of defined benefit plan | (5,631) |
| Net losses for 2023 | (810,576) |
| Disposal of equity instruments at fair value through other comprehensive income | 884 |
| Loss compensation from legal reserve | <u>514,884</u> |
| Unappropriated earnings at the end of the year | <u>\$ -</u> |

The loss compensation proposal for 2023 is pending the resolution of the shareholders' meeting scheduled to be held on June 7, 2024.

At the end of 2023, the Company's loss to be compensated exceeded 1/2 of the paid-in capital. According to Article 211 of the Company Act, the Board of Directors shall report at the next shareholders' meeting. Report of the Company's shareholders' meeting expected to be held on June 7, 2024.

(4) Other equity items

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

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Balance at the beginning of the year | (\$191,987) | (\$214,195) |
| Generated in the year | | |
| Translation differences on translation of foreign operations | (28,229) | 15,491 |
| Reclassification | | |
| Share of disposal of associates accounted for using the equity method | (74) | - |
| Disposal of foreign operations | - | 6,590 |
| Others | 859 | - |
| Acquisition of partial interest in a subsidiary (Note 28) | (104) | - |
| Changes in ownership interest in subsidiaries (Note 28) | <u>161</u> | <u>127</u> |
| Balance at the end of the year | (<u>\$219,374</u>) | (<u>\$191,987</u>) |

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

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|------------------|
| Balance at the beginning of the year | \$ 37,143 | \$199,074 |
| Generated in the year | | |
| Unrealized gain or loss | | |
| Equity instruments | (129,350) | (161,255) |
| Transfer of accumulated gain or loss on disposal of equity instruments to retained earnings | (<u>884</u>) | (<u>676</u>) |
| Balance at the end of the year | (<u>\$ 93,091</u>) | <u>\$ 37,143</u> |

(5) Non-controlling interests

| | 2023 | 2022 |
|--|------------------|------------------|
| Balance at the beginning of the year | \$943,613 | \$601,464 |
| Net losses for the year | (392,278) | (76,878) |
| Other comprehensive income for this year | | |
| Exchange differences on translation of financial statements of foreign operations | 1,888 | 1,404 |
| Unrealized gains or losses on financial assets measured at fair value through other comprehensive income | 3,695 | 1,201 |
| Tax effects of other comprehensive income | (378) | (282) |
| Subsidiary share based payment | 16,828 | 16,586 |
| Changes in ownership interest in subsidiaries (Note 28) | <u>265,557</u> | <u>400,118</u> |
| Balance at the end of the year | <u>\$838,925</u> | <u>\$943,613</u> |

23. Revenue

(1) Description of Customer Contract

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

| | 2023 | 2022 |
|---------------------------------|---------------------|---------------------|
| Revenue from customer contracts | | |
| Merchandise sales revenues | \$ 2,733,895 | \$ 5,434,062 |
| Other operating revenues | <u>224,516</u> | <u>220,783</u> |
| | <u>\$ 2,958,411</u> | <u>\$ 5,654,845</u> |

(2) Breakdown of revenue from customer contracts

| Product type | 2023 | 2022 |
|---|---------------------|---------------------|
| Revenues from sales of conductive paste | \$ 2,373,224 | \$ 3,388,592 |
| Silicon materials for solar energy | 266,736 | 1,419,889 |
| Revenues from sales of electricity | 224,516 | 220,783 |
| Others | <u>93,935</u> | <u>625,581</u> |
| | <u>\$ 2,958,411</u> | <u>\$ 5,654,845</u> |

24. Net losses from continuing operations

(1) Interest income

| | 2023 | 2022 |
|-----------------------|------------------|-----------------|
| Bank deposits | \$ 43,179 | \$ 8,294 |
| Other interest income | <u>53</u> | <u>398</u> |
| | <u>\$ 43,232</u> | <u>\$ 8,692</u> |

(2) Other income

| | 2023 | 2022 |
|-------------------------------|------------------|------------------|
| Rental income | | |
| Investment property (Note 15) | \$ 1,164 | \$ 1,164 |
| Others | 9,816 | 15,085 |
| Dividends income | 12,718 | 1,823 |
| Government subsidies | 641 | - |
| Others | <u>29,401</u> | <u>34,869</u> |
| | <u>\$ 53,740</u> | <u>\$ 52,941</u> |

(3) Other gains and losses

| | 2023 | 2022 |
|---|--------------------|--------------------|
| Gain on disposal of investment | \$ 20,939 | \$ - |
| Leasehold modification gain | 3,109 | 111 |
| Net gain (loss) on disposal and scrapping of property, plant and equipment | 802 | (6,090) |
| Net gain on financial assets and liabilities at fair value through profit or loss | 693 | 10,886 |
| Loss on disposal of subsidiaries | - | (3,165) |
| Net foreign currency exchange gain (loss) | (17,326) | 124,556 |
| Impairment loss on non-financial assets | (189,797) | (84,310) |
| Miscellaneous expenses | <u>(16,263)</u> | <u>(80,389)</u> |
| | <u>(\$197,843)</u> | <u>(\$ 38,401)</u> |

(4) Financial costs

| | 2023 | 2022 |
|---|------------------|------------------|
| Interest on Bank Borrowings | \$ 42,838 | \$ 52,549 |
| Interest on borrowed silver ingots | 6,439 | 9,159 |
| Interest on lease liabilities | 2,822 | 4,156 |
| Interest on borrowings from related parties | 544 | - |
| Amortization of discount on corporate bonds payable | - | 4,348 |
| Other interest expenses | <u>9</u> | <u>17</u> |
| | <u>\$ 52,652</u> | <u>\$ 70,229</u> |

(5) Depreciation and amortization

| | 2023 | 2022 |
|---|------------------|------------------|
| Summary of depreciation by function. | | |
| Operating costs | \$221,754 | \$176,962 |
| Operating expenses | <u>99,471</u> | <u>102,786</u> |
| | <u>\$321,225</u> | <u>\$279,748</u> |
| Summary of amortization by function. (Note) | | |
| Operating expenses | <u>\$ 14,404</u> | <u>\$ 12,910</u> |

Note: Including the amortization of other non-current assets.

Please refer to Note 16 for the information on the amortization of intangible assets allocated to each single item.

(6) Employee benefit expenses

| | 2023 | 2022 |
|---------------------------------|------------------|------------------|
| Short-term employee benefits | \$397,916 | \$368,153 |
| Post-employment benefits | | |
| Defined contribution plan | 11,447 | 10,129 |
| Defined benefit plan | 420 | 218 |
| Share-based payments | | |
| Settlement of interests | 24,891 | 49,404 |
| Other employee benefits | <u>27,005</u> | <u>21,147</u> |
| Total employee benefit expenses | <u>\$461,679</u> | <u>\$449,051</u> |
| Summary by function. | | |
| Operating costs | \$179,238 | \$163,566 |
| Operating expenses | <u>282,441</u> | <u>285,485</u> |
| | <u>\$461,679</u> | <u>\$449,051</u> |

(7) Remuneration for employees and directors

According to the Articles of Incorporation, if the Company makes a profit for a year, it should first provide no less than 6% and no greater than 15% of the profit as employee remuneration and no greater than 3% as director remuneration. However, accumulated losses, if any, of the Company shall first be deducted and distribution shall be made from the remaining balance.

In 2023, no remuneration for employees and directors was estimated due to a loss.

If there is a change in the amount of the consolidated 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.

In 2022 and 2021, no remuneration for employees and directors was estimated due to a loss.

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.

25. Income taxes from continuing operations

(1) Income tax recognized in profit or loss

The major components of income tax expense are as follows:

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Current income tax | | |
| Generated in the year | (\$ 33,313) | (\$ 39,032) |
| Adjustments for prior years | <u>482</u> | <u>(5,021)</u> |
| | (32,831) | (44,053) |
| Deferred tax | | |
| Adjustments for prior years | <u>3,779</u> | <u>(11,236)</u> |
| Income tax expense recognized in profit or loss | (\$ <u>29,052</u>) | (\$ <u>55,289</u>) |

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

| | 2023 | 2022 |
|--|------------------------|----------------------|
| Net losses before tax from continuing operations | (\$ <u>1,173,802</u>) | (\$ <u>516,742</u>) |
| Income tax benefit of net loss before tax calculated at the statutory tax rate | \$ 312,884 | \$ 120,866 |
| Tax exempted income | (55) | 404 |
| Non-deductible expenses due to tax purposes | (68,154) | (66,618) |
| Unrecognized loss carryforwards and deductible temporary differences | (274,038) | (104,759) |
| Adjustments to current income tax expenses of previous years | 482 | (5,021) |
| Others | <u>(171)</u> | <u>(161)</u> |
| | (\$ <u>29,052</u>) | (\$ <u>55,289</u>) |

(2) Income tax recognized in other comprehensive income

| | 2023 | 2022 |
|-----------------------------------|-----------------|--------------------|
| Deferred tax | | |
| Translation of foreign operations | <u>\$ 5,287</u> | (\$ <u>4,358</u>) |

(3) Current income tax assets and liabilities

| | December 31, 2023 | December 31, 2022 |
|---------------------------------------|-------------------|-------------------|
| <u>Current income tax assets</u> | | |
| Tax refund receivable | <u>\$ 9,656</u> | <u>\$ 19,112</u> |
| <u>Current income tax liabilities</u> | | |
| Income tax payable | <u>\$ 17,709</u> | <u>\$ 10,389</u> |

(4) Deferred tax assets and liabilities

The changes in deferred tax assets were as follows:

| | Balance at the beginning of the year | Recognized in profit or loss | Recognized in other comprehensive income (loss) | Balance at the end of the year |
|---|--|---------------------------------|--|-----------------------------------|
| <u>2023</u> | | | | |
| Temporary difference | | | | |
| Allowance for doubtful accounts in excess of limit | \$ 35,572 | \$ 996 | \$ - | \$ 36,568 |
| Impairment of bond investments without active markets | 17,644 | - | - | 17,644 |
| Investment accounted for using the equity method | (36,970) | (1,433) | - | (38,403) |
| Impairment losses | - | 28,130 | - | 28,130 |
| Unrealized inter-company transactions between entities | 3,550 | - | - | 3,550 |
| Fair value adjustments resulting from business merger | 695 | - | - | 695 |
| Allowance for a decline in value of inventories and slow moving losses | \$ 4,931 | (\$ 294) | \$ - | \$ 4,637 |
| Unrealized exchange gain and loss | (10,354) | 8,665 | - | (1,689) |
| Exchange differences on translation of financial statements of foreign operations | 53,815 | - | 5,287 | 59,102 |
| Unused tax losses | <u>64,364</u> | (<u>32,285</u>) | <u>-</u> | <u>32,079</u> |
| Deferred income tax (expense) income | | <u>\$ 3,779</u> | <u>\$ 5,287</u> | |
| Deferred tax assets | <u>\$ 133,247</u> | | | <u>\$ 142,313</u> |

| | Balance at the beginning of the year | Recognized in profits (losses) | Recognized in other comprehensive income | Balance at the end of the year |
|---|--|-----------------------------------|---|-----------------------------------|
| <u>2022</u> | | | | |
| Temporary difference | | | | |
| Allowance for doubtful accounts in excess of limit | \$ 35,257 | \$ 315 | \$ - | \$ 35,572 |
| Impairment of bond investments without active markets | 17,644 | - | - | 17,644 |
| Investment accounted for using the equity method | (29,803) | (7,167) | - | (36,970) |
| Unrealized inter-company transactions between entities | 3,550 | - | - | 3,550 |
| Fair value adjustments resulting from business merger | 695 | - | - | 695 |
| Net defined benefit liabilities – non-current | (153) | 153 | - | - |
| Allowance for a decline in value of inventories and slow moving losses | 6,306 | (1,375) | - | 4,931 |
| Unrealized exchange gain and loss | 3,458 | (13,812) | - | (10,354) |
| Exchange differences on translation of financial statements of foreign operations | 58,173 | - | (4,358) | 53,815 |
| Unused tax losses | 46,692 | 17,672 | - | 64,364 |
| Investment tax credit | <u>7,022</u> | (<u>7,022</u>) | <u>-</u> | <u>-</u> |
| Deferred income tax (expense) income | | (\$ 11,236) | (\$ 4,358) | |
| Deferred tax assets | <u>\$ 148,841</u> | | | <u>\$ 133,247</u> |
| Information expressed in the balance sheet is as follows. | | | | |
| Deferred tax assets | <u>\$ 179,197</u> | | | <u>\$ 172,677</u> |
| Deferred tax liabilities | <u>\$ 30,356</u> | | | <u>\$ 39,430</u> |

- (5) Deductible temporary differences and unused loss carryforwards for deferred tax assets not recognized in consolidated balance sheets

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------------------------|--------------------------|--------------------------|
| Loss carryforwards | | |
| Expires in 2024 | \$ 22,337 | \$ 22,337 |
| Expires in 2025 | 11,419 | 11,419 |
| Expires in 2026 | 19,726 | 19,726 |
| Expires in 2027 | 47,212 | 47,212 |
| Expires in 2028 | 48,874 | 48,874 |
| Expires in 2029 | 33,004 | 33,004 |
| Expires in 2030 | 28,870 | 28,870 |
| Expires in 2031 | 219,666 | 219,666 |
| Expires in 2032 | 327,490 | 327,490 |
| Expires in 2033 | <u>513,204</u> | <u>-</u> |
| | <u>\$ 1,271,802</u> | <u>\$ 758,598</u> |
| Deductible temporary difference | <u>\$ 424,639</u> | <u>\$ 261,779</u> |

- (6) Total amount of temporary differences related to investments for which no deferred income tax liabilities were recognized

No deferred tax liability has been recognized for the income tax payable on the unappropriated earnings of foreign subsidiaries that may arise upon their repatriation. The Company has decided not to distribute the unappropriated earnings of its subsidiaries in the foreseeable future. As of December 31, 2023 and 2022, the amount of taxable temporary differences not recognized as deferred tax liabilities was NT\$28,007 thousand and NT\$37,057 thousand, respectively.

- (7) The status of income tax assessment

The Company's income tax returns have been assessed by the tax authorities up to 2021.

26. Net loss per share

| | <u>2023</u> | <u>2022</u> |
|------------------------|-------------|-------------|
| Basic loss per share | (\$ 8.82) | (\$ 6.14) |
| Diluted loss per share | (\$ 8.82) | (\$ 6.14) |

Unit: NTD per share

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

Net losses for the year

| | <u>2023</u> | <u>2022</u> |
|--|---------------|---------------|
| Net losses attributable to shareholders of the company | (\$810,576) | (\$495,153) |
| Net losses used to calculate diluted loss per share | (\$810,576) | (\$495,153) |

Number of shares: Thousand shares

| | <u>2023</u> | <u>2022</u> |
|--|---------------|---------------|
| Weighted-average number of ordinary shares used in the calculation of basic loss per share | 91,883 | 80,662 |
| Impact of potential ordinary shares with dilutive effect: | | |
| Remuneration for employees | — | — |
| Weighted-average number of ordinary shares used in the calculation of diluted loss per share | <u>91,883</u> | <u>80,662</u> |

If the Consolidated Company may choose to pay employees' remuneration in shares or cash, when calculating the diluted 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 loss per share. The dilutive effect of these potential ordinary shares will also continue to be considered in the calculation of diluted loss per share before the resolution on the number of shares awarded to employees in the following year.

27. Share-based payment agreement

(1) Employee stock options program

On December 16, 2021, Hua Hsu Silicon Materials Co., Ltd. decided to issue rights shares through the resolution of the board meeting, and reserved 15% of the total amount of new shares to be subscribed by the Company and its employees. After being granted the employee stock option certificates, the certificate holders may immediately exercise the share subscription in accordance with the regulations on the issuance and subscription of employee stock option certificates, and the date of grant was January 24, 2022.

For the above Black-Scholes valuation model for the employee stock options granted, the inputs used in the valuation model were as follows:

| | <u>January 2022</u> |
|-------------------------------------|---------------------|
| Share price on the grant date | NT\$22.62 |
| Exercise price | NT\$20.00 |
| Expected volatility | 3.85% |
| Duration | 0.17 years |
| Expected rate of dividend | - |
| Risk-free interest rate | 1.1833% |
| Fair value of stock options granted | NT\$2.62 |

In the Black Scholes valuation model, the expected volatility is the share price in the sample range of the most recent period equivalent to the expected duration of the stock option, and is estimated by the standard deviation of the stock return in that period.

From January 1 to December 31, 2022, the Consolidated Company recognized remuneration costs of NT\$3,867 thousand for the subsidiary's employee stock options program.

On May 13, 2022, the Company decided to issue rights shares through the resolution of the board meeting, and reserved 15% of the total amount of new shares to be subscribed by employees. After being granted the employee stock option certificates, the certificate holders may immediately exercise the share subscription in accordance with the regulations on the issuance and subscription of employee stock option certificates and the date of the grant was September 7, 2022.

For the above Black-Scholes valuation model for the employee stock options granted, the inputs used in the valuation model were as follows:

| | <u>September 2022</u> |
|-------------------------------------|-----------------------|
| Share price on the grant date | NT\$128.5 |
| Exercise price | NT\$115 |
| Expected volatility | 3% |
| Duration | 0.18 years |
| Expected rate of dividend | - |
| Risk-free interest rate | 1.4% |
| Fair value of stock options granted | NT\$13.6 |

In the Black Scholes valuation model, the expected volatility is the share price in the sample range of the most recent period equivalent to the expected duration of

the stock option, and is estimated by the standard deviation of the stock return in that period.

From January 1 to December 31, 2022, the Consolidated Company recognized remuneration costs of NT\$25,138 thousand for the employee stock options program.

On May 2, 2023, Hua Hsu Silicon Materials Co., Ltd. decided to issue rights shares through the resolution of the board meeting, and reserved 10% of the total amount of new shares to be subscribed by the Company and its employees. After being granted the employee stock option certificates, the certificate holders may immediately exercise the share subscription in accordance with the regulations on the issuance and subscription of employee stock option certificates, and the date of grant was June 1, 2023.

For the above Black-Scholes valuation model for the employee stock options granted, the inputs used in the valuation model were as follows:

| | <u>June 2023</u> |
|-------------------------------------|------------------|
| Share price on the grant date | NT\$20.11 |
| Exercise price | NT\$20.00 |
| Expected volatility | 2.27% |
| Duration | 0.07 years |
| Expected rate of dividend | - |
| Risk-free interest rate | 1.1695% |
| Fair value of stock options granted | NT\$0.11 |

In the Black Scholes valuation model, the expected volatility is the share price in the sample range of the most recent period equivalent to the expected duration of the stock option, and is estimated by the standard deviation of the stock return in that period.

From January 1 to December 31, 2023, the Consolidated Company recognized remuneration costs of NT\$76 thousand for the subsidiary's employee stock options program.

(2) Restricted stock awards

The extraordinary shareholders' meeting of Hua Hsu Silicon Materials Co., Ltd. decided on October 29, 2021 to issue new shares with restricted employee rights, with a total amount of NT\$20,000 thousand. The above resolution has taken effect after being filed with the FSC on June 9, 2022. The board of directors of Hua Hsu Silicon Materials Co., Ltd. approved the issuance of restricted stock awards on June 17, 2022 in the total amount of NT\$20,000 thousand. The par value per share is

NT\$10, totaling 2,000,000 shares and the issue price per share is NT\$0 (that is, stock dividends). The grant date and issue date was June 17, 2022, and the fair value of the stock on the grant date was NT\$29.47.

From January 1 to December 31, 2023 and 2022, the Consolidated Company recognized remuneration costs of NT\$24,815 thousand and NT\$20,399 thousand, respectively, for the subsidiary's restricted stock awards program.

28. Equity transactions with non- controlling interests

The Consolidated Company did not subscribe to the rights shares of subsidiary Hua Hsu Silicon Materials Co., Ltd. in proportion to its shareholding on February 23, 2022, resulting in the shareholding increasing from 32.05% to 34.69%.

Hua Hsu Silicon Materials Co., Ltd., issued restricted stock awards on July 31, 2022, causing the Consolidated Company's shareholding to decrease from 34.69% to 34.01%.

The Consolidated Company failed to reduce the capital of the subsidiary Merchant Energy on October 28, 2022 by US\$1.7 million in proportion to its shareholding, resulting in a decrease in the Consolidated Company's shareholding from 87.65% to 87.00%.

On November 23, 2022, the Consolidated Company failed to subscribe for the cash capital increase of its subsidiary Green Energy Electrode Inc. in proportion to its shareholding, resulting in an increase in its shareholding from 48.39% to 52.81%.

The Consolidated Company purchased a total of 222,000 shares in Hua Hsu Silicon Materials Co., Ltd. between October 2022 to December 2022, resulting in an increase in the consolidated shareholding from 34.01% to 34.23%.

The Consolidated Company purchased a total of 375,000 shares in Hua Hsu Silicon Materials Co., Ltd. between January 2023 and June 2023, resulting in an increase in its shareholding from 34.23% to 34.59%.

The Consolidated Company did not subscribe to the rights shares of subsidiary Hua Hsu Silicon Materials Co., Ltd. in proportion to its shareholding on June 29, 2023, resulting in the shareholding ratio decreasing from 35.31% to 34.00%.

Hua Hsu Silicon Materials Co., Ltd., issued restricted stock awards on August 10, 2023, causing the Consolidated Company's shareholding to increase from 34.00% to 34.03%.

Since the above transactions did not change the Consolidated Company's control over said subsidiaries, the Consolidated Company treated them as equity transactions.

January 1 to December 31, 2023

| | Subsidiary Hua Hsu Silicon Materials Co., Ltd. |
|---|--|
| Consideration received | \$268,556 |
| The carrying amount of the subsidiary's net assets that should be transferred to non-controlling interests based on the relative changes in equity. | (265,557) |
| Adjustments to other equity items attributed to shareholders of the Company | |
| - Exchange differences on translation of financial statements of foreign operations | (<u>57</u>) |
| Equity transaction differences | <u>\$ 2,942</u> |
| <u>Adjustment account of equity transaction differences</u> | |
| Capital surplus – Differences between equity price and carrying amount arising from acquisition or disposal of subsidiaries | (<u>\$ 4,117</u>) |
| Capital surplus – Recognition of changes in ownership interest in subsidiaries | <u>\$ 7,059</u> |

January 1, 2022 to December 31, 2022

| | Subsidiary Hua Hsu Silicon Materials Co., Ltd. | Subsidiary Green Energy Electrode Inc. | Subsidiary Merchant Energy |
|---|---|--|----------------------------------|
| Consideration received | \$ 214,408 | \$ 117,695 | \$ - |
| The carrying amount of the subsidiary's net assets that should be transferred out from or into non-controlling interests based on the relative changes in equity. | (247,728) | (158,090) | 5,700 |
| Adjustments to other equity items attributed to shareholders of the Company | | | |
| - Exchange differences on translation of financial statements of foreign operations | <u>571</u> | <u>121</u> | (<u>819</u>) |
| Equity transaction differences | (<u>\$ 32,749</u>) | (<u>\$ 40,274</u>) | <u>\$ 4,881</u> |

| | Subsidiary Hua Hsu Silicon Materials Co., Ltd. | Subsidiary Green Energy Electrode Inc. | Subsidiary Merchant Energy | Total |
|--|---|--|----------------------------------|----------------------|
| <u>Adjustment account of equity transaction differences</u> | | | | |
| Capital surplus – recognition of changes in ownership interest in subsidiaries | (<u>\$ 32,749</u>) | (<u>\$ 40,274</u>) | <u>\$ 4,881</u> | (<u>\$ 68,142</u>) |

29. Information on cash flow

(1) Changes in liabilities from financing activities

January 1 to December 31, 2023

| | | Non-Cash Changes | | | | | |
|-------------------------|---------------------|-------------------|----------------------|------------------------|---|-----------------------|---------------------|
| | January 1, 2023 | Cash flow | Reduce lease | Leasehold modification | Interest expense and amortization of discount | Exchange rate changes | December 31, 2023 |
| Short-term borrowings | \$ 266,210 | \$ 271,252 | \$ - | \$ - | \$ - | (\$ 5,693) | \$ 531,769 |
| Long-term borrowings | 1,647,822 | 334,799 | - | - | - | (62,228) | 1,920,393 |
| Deposits received | 43,715 | (2,131) | - | - | - | - | 41,584 |
| Corporate bonds payable | 339,406 | (339,406) | - | - | - | - | - |
| Lease liabilities | 234,399 | (29,053) | (97,858) | - | - | (3,039) | 104,449 |
| | <u>\$ 2,531,552</u> | <u>\$ 235,461</u> | <u>(\$ 97,858)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>(\$ 70,960)</u> | <u>\$ 2,598,195</u> |

January 1, 2022 to December 31, 2022

| | | Non-Cash Changes | | | | | |
|-------------------------|---------------------|-------------------------|-----------------|------------------------|---|-----------------------|---------------------|
| | January 1, 2022 | Cash flow | New lease | Leasehold modification | Interest expense and amortization of discount | Exchange rate changes | December 31, 2022 |
| Short-term borrowings | \$ 1,562,100 | (\$ 1,300,493) | \$ - | \$ - | \$ - | \$ 4,603 | \$ 266,210 |
| Long-term borrowings | 1,900,352 | (217,512) | - | - | - | (35,018) | 1,647,822 |
| Deposits received | 43,545 | 170 | - | - | - | - | 43,715 |
| Corporate bonds payable | 335,058 | - | - | - | 4,348 | - | 339,406 |
| Lease liabilities | 266,316 | (37,141) | 6,108 | (3,577) | - | 2,693 | 234,399 |
| | <u>\$ 4,107,371</u> | <u>(\$ 1,554,976)</u> | <u>\$ 6,108</u> | <u>(\$ 3,577)</u> | <u>\$ 4,348</u> | <u>(\$ 27,722)</u> | <u>\$ 2,531,552</u> |

30. Capital risk management

The Consolidated 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 Consolidated Company's overall strategy.

The Consolidated 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).

31. Financial instruments

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

December 31, 2022

| | Book value | Fair value | | | |
|---|------------|------------|---------|---------|------------|
| | | Level 1 | Level 2 | Level 3 | Total |
| <u>Financial liabilities</u> | | | | | |
| Financial liabilities at amortized cost | | | | | |
| - Convertible corporate bonds | \$ 339,406 | \$ 339,360 | \$ - | \$ - | \$ 339,360 |

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

The Consolidated Company does not have assets that are not measured at fair value on a recurring basis. The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis is presented below:

1. Fair value hierarchy.

December 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---|-----------|------------|------------|------------|
| <u>Financial assets at fair value through profit or loss</u> | | | | |
| Funds | \$ 1,083 | \$ - | \$ 33,170 | \$ 34,253 |
| <u>Financial assets measured at fair value through other comprehensive income</u> | | | | |
| Investment in equity instruments | \$ 48,120 | \$ 127,200 | \$ 159,101 | \$ 334,421 |

December 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|-----------|------------|-----------|------------|
| <u>Financial assets at fair value through profit or loss</u> | | | | |
| Funds | \$ 882 | \$ - | \$ 32,678 | \$ 33,560 |
| <u>Financial assets measured at fair value through other comprehensive income</u> | | | | |
| Investment in equity instruments | \$ 85,849 | \$ 215,160 | \$ 67,679 | \$ 368,688 |

There was no transfer between Level 1 and Level 2 fair value measurements during 2023 and 2022.

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

2023

| | Assets | |
|--|---|---|
| | Measured at fair value through profit or loss | Measured at fair value through other comprehensive income |
| Balance at the beginning of the year | \$ 32,678 | \$ 67,679 |
| Recognized in profit or loss (under "Other gains and losses") | 492 | - |
| Recognized in other comprehensive income ("unrealized gains or | - | (4,578) |

| | Assets | |
|--|---|---|
| | Measured at fair value through profit or loss | Measured at fair value through other comprehensive income |
| losses on financial assets measured at fair value through other comprehensive income") | | |
| Addition | - | 96,000 |
| Balance at the end of the year | <u>\$ 33,170</u> | <u>\$159,101</u> |
| <u>2022</u> | | |

| | Assets | |
|---|---|---|
| | Measured at fair value through profit or loss | Measured at fair value through other comprehensive income |
| Balance at the beginning of the year | \$ 26,284 | \$ 65,000 |
| Recognized in profit or loss (under "Other gains and losses") | 6,394 | - |
| Recognized in other comprehensive income ("unrealized gains or losses on financial assets measured at fair value through other comprehensive income") | - | 2,679 |
| Balance at the end of the year | <u>\$ 32,678</u> | <u>\$ 67,679</u> |

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

| Type of financial instruments | Valuation techniques and input values |
|----------------------------------|--|
| Investment in equity instruments | Equity instruments measured at fair value through other comprehensive income or loss in Level 2 of the fair value hierarchy are subject to restrictions on transfer or sale, and their fair values are based on quoted prices in active markets for similar unrestricted equity instruments, after discounted prices taken into account. |

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

The following table presents the significant unobservable input values to the Consolidated Company's fair value hierarchy for assets and liabilities

measured at fair value on a recurring basis within Level 3 of the fair value hierarchy:

December 31, 2023

| <u>Financial assets</u> | Valuation techniques | Significant Unobservable Input Values | Quantitative Information | Relationship between input value and fair value | Sensitivity analysis of the relationship between input value and fair value |
|-------------------------|----------------------|--|--------------------------|--|---|
| Funds | Asset method | Discount for lack of marketability and control | 30% | The higher the lack of marketability and control, the lower the estimated fair value | When the lack of marketability and control increased (decreased) by 1%, the Consolidated Company's profit or loss would have decreased/increased by NT\$474 thousand. |
| Stocks | Market method | Discount for lack of marketability and control | 30% | The higher the lack of marketability and control, the lower the estimated fair value | When the lack of marketability and control increased (decreased) by 1%, the Consolidated Company's other comprehensive income would have decreased/increased by NT\$220 thousand. |
| Stocks | Market method | Discount for lack of marketability and control | 30% | The higher the lack of marketability and control, the lower the estimated fair value | When the lack of marketability and control increased (decreased) by 1%, the Consolidated Company's other comprehensive income would have decreased/increased by NT\$1,216 thousand. |
| Stocks | Asset method | Discount for lack of marketability and control | 10% | The higher the lack of marketability and control, the lower the estimated fair value | When the lack of marketability and control increased (decreased) by 1%, the Consolidated Company's other comprehensive income would have decreased/increased by NT\$649 thousand. |

December 31, 2022

| <u>Financial assets</u> | Valuation techniques | Significant Unobservable Input Values | Quantitative Information | Relationship between input value and fair value | Sensitivity analysis of the relationship between input value and fair value |
|-------------------------|----------------------|--|--------------------------|--|---|
| Funds | Asset method | Discount for lack of marketability and control | 30% | The higher the lack of marketability and control, the lower the estimated fair value | When the lack of marketability and control increased (decreased) by 1%, the Consolidated Company's profit or loss would have decreased/increased by NT\$327 thousand, respectively. |
| Stocks | Market method | Discount for lack of marketability and control | 30% | The higher the lack of marketability and control, the lower the estimated fair value | When the lack of marketability and control increased (decreased) by 1%, the Consolidated Company's other comprehensive income would have decreased/increased by NT\$75 thousand. |
| Stocks | Asset method | Discount for lack of marketability and control | 10% | The higher the lack of marketability and control, the lower the estimated fair value | When the lack of marketability and control increased (decreased) by 1%, the Consolidated Company's other comprehensive income would have decreased/increased by NT\$668 thousand. |

The Consolidated 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 Consolidated 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, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| <u>Financial assets</u> | | |
| Measured at fair value through profit or loss | | |
| Mandatorily measured at fair value through profit or loss | \$ 34,253 | \$ 33,560 |
| Financial assets at amortized cost (Note 1) | 3,355,994 | 3,939,866 |
| Financial assets measured at fair value through other comprehensive income | | |
| Investment in equity instruments | 334,421 | 368,688 |
| <u>Financial liabilities</u> | | |
| Measured at amortized cost (Note 2) | 3,050,189 | 2,817,111 |
| Financial liabilities for hedging | 655,237 | 446,977 |

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

Note 2: The balance consisted of financial liabilities measured at amortized cost, including short-term borrowings, notes payable, other payables, other payables – related party, bonds payable, long-term bank borrowings – current portion, corporate bonds, long-term borrowings, long-term payables and deposits received.

(4) Objectives and Policies of Financial Risk Management

The Consolidated Company's major financial instruments include investments in equity instruments, accounts receivable, accounts payable, corporate bonds payable, borrowings and lease liabilities. The Consolidated 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 Consolidated 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 Consolidated Company uses derivative financial instruments to hedge its exposure to risk in order to mitigate the impact of these risks. The use of derivative financial instruments is governed by the policies approved by the Consolidated 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 Consolidated 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 Consolidated Company on a quarterly basis.

1. Market risk

The main financial risks to which the Consolidated 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 Consolidated 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 Consolidated Company's exposure to market risk of financial instruments and the way it manages and measures such exposures.

(1) Exchange rate risk

The Consolidated Company's exposure to exchange rate risk relates primarily to operating activities (when revenues or expenses are denominated in currencies different from the Consolidated 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. Currency swap contracts are adopted to

manage the exchange rate risk arising from partial foreign currency payments. In addition, the net investment in foreign operations is a strategic investment and therefore the Company does not apply hedge accounting.

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.

Sensitivity analysis

The Consolidated Company is primarily affected by fluctuations in the exchange rates of USD, JPY, CNY and EUR.

The following table details the sensitivity analysis of the Consolidated Company when the exchange rate of the functional currency of each entity increases and decreases by 1% against each relevant foreign currency. One percent is the sensitivity rate used in reporting the exchange rate risk internally to the Consolidated Company's key management team and represents the management's assessment of the reasonable range of potential changes in foreign-currency exchange rates. The sensitivity analysis covered cash and cash equivalents, accounts receivable (including related party), other receivables (including related party), accounts payable (including related party), other payables (including related party), long-term and short-term borrowings (including related party), and financial liabilities for hedging. The table below shows the influence on profit and loss when the functional currency appreciated by 1% against each major foreign currency.

| | Impact of USD | | Impact of JPY | | Impact of CNY | | Impact of EUR | |
|----------------|---------------|--------------|---------------|-------|---------------|--------------|---------------|-----------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| profit or loss | (\$ 6,455) | (\$ 6,392) | (\$ 582) | \$ 26 | (\$10,365) | (\$ 5,288) | \$ 751 | (\$ 13) |

(2) Interest rate risk

Interest rate risk arises because entities within the Consolidated Company borrow funds at both fixed and floating rates. The Consolidated 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, 2023</u> | <u>December 31, 2022</u> |
|-------------------------------|--------------------------|--------------------------|
| Fair value interest rate risk | | |
| - Financial assets | \$ 644,611 | \$ 712,443 |
| - Financial liabilities | 1,011,610 | 1,675,818 |
| Cash flow interest rate risk | | |
| - Financial assets | 1,799,770 | 2,256,611 |
| - Financial liabilities | 1,545,001 | 812,019 |

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 increased/decreased by 1%, with all other variables held constant, the Consolidated Company's net income before tax would have decreased/increased by NT\$2,548 thousand and NT\$14,446 thousand for 2023 and 2022, respectively.

(3) Other price risk

The fair values of the Company's TWSE/TPEX/emerging stock market-listed and unlisted equity securities and funds may be affected by the uncertainty of the future value of these underlying securities. The Company's TWSE/TPEX/emerging stock market-listed and unlisted

equity securities and funds are included in the fair value measurement through profit or loss and fair value measurement through other comprehensive income, respectively. The Consolidated 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 Consolidated 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

For the year ended December 31, 2023 and 2022, the Consolidated Company's profit or loss would have increase/decrease by NT\$3,425 thousand and NT\$3,356 thousand, respectively, if the prices of the emerging stock market-listed equity securities that are mandatorily measured at fair value through profit or loss increased/decreased by 10%. For the year ended December 31, 2023 and 2022, the Consolidated Company's equity would have increased/decreased by NT\$33,442 thousand and NT\$36,869 thousand, respectively, if the prices of emerging stock market-listed and TWSE-/TPEX-listed equity securities and unlisted equity securities that are measured at fair value through other comprehensive income increased/decreased by 10%.

The Consolidated Company entered into precious metal borrowing contracts with suppliers at prices based on international precious metal market quotations plus a margin. In order to manage the precious metal price risk of the inventory, the Consolidated Company uses international precious metal borrowing contracts with the same nominal number as a fair value risk hedge for the components of precious metal price risk contained in the inventory. Based on historical experience, changes in the fair value of the designated components of precious metals price risk cover, on average, price changes in the contracts as a whole, and therefore market price risk is not material.

Hedge accounting

The Consolidated Company uses precious metal borrowing contracts for fair value hedge to mitigate the risk of fair value of financial

liabilities arising from changes in international precious metal prices. The fair value of precious metal borrowing transactions as of the balance sheet date is estimated based on the market price of precious metals.

The aforementioned precious metal borrowing transactions are subject to the same conditions as the related financial liabilities. The Consolidated Company uses a qualitative assessment to determine that the value of the precious metal borrowing transactions and the hedged financial liabilities will systematically change inversely due to changes in the prices of the hedged international precious metals. The hedge ineffectiveness of the hedge relationship arises primarily from the effect of the credit risk between the Consolidated Company and the counterparty on the fair value of the precious metal borrowing transactions. This credit risk does not affect changes in the fair value of international precious metal prices attributable to the hedged item. There were no other sources of hedge ineffectiveness during the hedge period.

Information on the Consolidated Company's international precious metals price risk hedge is summarized as follows:

December 31, 2023

| Hedging instruments | Contract amount | Expiration Period | Line item on the balance sheet | Book value | Change in fair value of hedging instruments used to assess hedge ineffectiveness during the year |
|-----------------------------------|-------------------|-------------------|-----------------------------------|-------------------|--|
| | | | | Liabilities | |
| Fair value hedge | | | | | |
| Precious metal borrowing contract | <u>\$ 668,463</u> | - | Financial liabilities for hedging | <u>\$ 655,237</u> | \$ 13,226 |

| Hedged items | Book value | Cumulative fair value adjustment | Change in value of hedged items used to assess hedge ineffectiveness during the year |
|------------------|------------|----------------------------------|--|
| | Assets | Assets | Value changes |
| Fair value hedge | | | |
| Inventories | \$ 655,237 | (\$ 13,226) | (\$ 13,226) |

December 31, 2022

| Hedging instruments | Contract amount | Expiration Period | Line item on the balance sheet | Book value Liabilities | Change in fair value of hedging instruments used to assess hedge ineffectiveness during the year |
|---|-------------------|-------------------|-----------------------------------|---------------------------|--|
| Fair value hedge Precious metal borrowing contract | <u>\$ 435,795</u> | - | Financial liabilities for hedging | <u>\$ 446,977</u> | (\$ 11,182) |

| Hedged items | Book value Assets | Cumulative fair value adjustment Assets | Change in value of hedged items used to assess hedge ineffectiveness during the year Value changes |
|---------------------------------|----------------------|--|---|
| Fair value hedge Inventories | \$ 446,977 | \$ 11,182 | \$ 11,182 |

2. Credit risk

Credit risk refers to the risk of financial loss due to default on contract obligations by the counterparties. The Consolidated 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 Consolidated 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 Group's internal rating standards. The Consolidated 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, 2023 and 2022, the percentages of receivables from the top ten customers to the Consolidated Company's total receivables were 60% and 44%, 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 Consolidated Company's policies. Since the Group'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 Consolidated Company manages and maintains sufficient positions of cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Consolidated Company's management monitors the use of bank financing lines and ensures compliance with the terms of the loan agreements.

Bank loans are an important source of liquidity for the Consolidated Company. See (2) below for a description of the Consolidated 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 Consolidated Company could be required to make repayment. Therefore, bank loans that the Consolidated 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, 2023

| | Less than 1 year | 1–3 years | 4–5 years | Over 5 years | Total |
|-------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| Accounts payable | \$ 624,776 | \$ - | \$ - | \$ - | \$ 624,776 |
| Borrowing | 736,428 | 334,795 | 348,489 | 1,067,268 | 2,486,980 |
| Lease liabilities | 24,361 | 44,817 | 13,694 | 29,139 | 112,011 |
| | <u>\$ 1,385,565</u> | <u>\$ 379,612</u> | <u>\$ 362,183</u> | <u>\$ 1,096,407</u> | <u>\$ 3,223,767</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 | Over 20 years |
|------------------------|---------------------|-------------------|---------------------|-----------------|-------------|---------------|
| Floating interest rate | \$ 599,063 | \$ 321,618 | \$ 610,769 | \$ 6,994 | \$ - | \$ - |
| Fixed interest rate | 137,365 | 361,666 | 449,505 | - | - | - |
| Lease liabilities | 24,361 | 58,511 | 29,139 | - | - | - |
| | <u>\$ 760,789</u> | <u>\$ 741,795</u> | <u>\$ 1,089,413</u> | <u>\$ 6,994</u> | <u>\$ -</u> | <u>\$ -</u> |

December 31, 2022

| | Less than 1 year | 1–3 years | 4–5 years | Over 5 years | Total |
|-------------------|---------------------|-------------------|-------------------|-------------------|---------------------|
| Accounts payable | \$ 593,201 | \$ - | \$ - | \$ - | \$ 593,201 |
| Borrowing | 554,163 | 314,493 | 286,936 | 781,306 | 1,936,898 |
| Corporate bonds | 339,700 | - | - | - | 339,700 |
| Lease liabilities | 45,587 | 91,001 | 75,989 | 75,350 | 287,927 |
| | <u>\$ 1,532,651</u> | <u>\$ 405,494</u> | <u>\$ 362,925</u> | <u>\$ 856,656</u> | <u>\$ 3,157,726</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 | Over 20 years |
|------------------------|---------------------|-------------------|-------------------|-------------------|-------------|---------------|
| Floating interest rate | \$ 372,508 | \$ 232,337 | \$ 137,172 | \$ 68,962 | \$ - | \$ - |
| Fixed interest rate | 521,355 | 369,092 | 486,061 | 89,111 | - | - |
| Lease liabilities | 45,587 | 166,990 | 75,350 | - | - | - |
| | <u>\$ 939,450</u> | <u>\$ 768,419</u> | <u>\$ 698,583</u> | <u>\$ 158,073</u> | <u>\$ -</u> | <u>\$ -</u> |

(2) Financing line limit

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Unsecured bank overdraft limit (revisited annually) | | |
| - Amount used | \$ 356,275 | \$ 196,400 |
| - Amount unused | <u>1,836,042</u> | <u>2,968,360</u> |
| | <u>\$ 2,192,317</u> | <u>\$ 3,164,760</u> |
| Secured bank overdraft limit | | |
| - Amount used | \$ 2,487,987 | \$ 2,216,012 |
| - Amount unused | <u>115,493</u> | <u>1,140,544</u> |
| | <u>\$ 2,603,480</u> | <u>\$ 3,356,556</u> |

32. Related party transactions

The parent company of the Company is Gigastorage Corporation, which directly and indirectly holds 38.07% and 38.36% of the Company's ordinary shares as of December 31, 2023 and 2022, respectively. Since the Gigastorage Corporation is a domestic listed company and the remaining shareholdings are widely dispersed, it is assessed that the Gigastorage Corporation still has control over the Consolidated Company, considering the absolute number, relative size and distribution of voting rights held by other shareholders.

All transactions, account balances, incomes and expenses between the Company and its subsidiaries, which are related parties of the Company, are eliminated upon consolidation and are therefore not disclosed in this note. In addition to those disclosed in other notes, the transactions between the Consolidated Company and other related parties are as follows:

(1) Name and relationship of related party

| Name of related party | Relationship with the Consolidated Company |
|--|--|
| Gigastorage Corporation (hereinafter referred to as Gigastorage) | Parent company of the Company |
| Ho Mi Specialty Materials Corporation | Sister company |
| WAFERING TECHNOLOGY CORPORATION (disappeared after a simple merger with Gigastorage on September 30, 2023) | Sister company |
| Whole 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 |
| Tron Giga (Yancheng) Energy Co., Ltd. | Affiliated enterprise |
| Tron Energy Technology Corporation | Affiliated enterprise |
| Lego Optoelectronics Co., Ltd. | Affiliated enterprise |
| Giga Solar Green Power Co., Ltd. | Affiliated enterprise |
| ACRO Biomedical Co. Ltd. | Affiliated enterprise |
| Mintron Energy Corporation | Affiliated enterprise |
| Yuanju (Yancheng) Trading Co., Ltd. | Affiliated enterprise |
| United Silicon Innovation Corp. | Affiliated enterprise |
| Long Time Tech. Co., Ltd. | Related party in substance |
| Shanggao Long Time Tech Co., Ltd. | Related party in substance |
| Hon Young Semiconductor Corporation | Related party in substance |
| Xingfox Energy Technology Co., Ltd. | Related party in substance |
| Hon Hai Precision Industry Co., Ltd. | Related party in substance |
| Titan Solar Limited | Related party in substance |
| Titan Solar Co., Ltd | Related party in substance |

(2) Operating revenues

| Account item | Type/name of related party | 2023 | 2022 |
|----------------|----------------------------|------------------|------------------|
| Sales revenues | Related party in substance | \$ 21,633 | \$ 54,608 |
| | Sister company | 39 | 263 |
| | Affiliated enterprise | - | 2,074 |
| | | <u>\$ 21,672</u> | <u>\$ 56,945</u> |

The sales prices of the Consolidated Company for related parties are negotiated by both parties with reference to market conditions; the transaction term for some domestic clients (related parties) is 90 days after the end of each month, and 90 to 180 days after the end of each month for overseas clients; for non-related parties, it is 30 to 90 days after the end of each month for domestic clients, and 30 to 90 days after the end of each month for overseas clients. The Consolidated Company's outstanding receivables from related parties are unsecured, interest-free, and should be paid in cash. No guarantees were received for accounts receivable from related parties.

(3) Purchases

| Type/name of related party | 2023 | 2022 |
|----------------------------|-----------------|-----------------|
| Sister company | \$ 5,321 | \$ 2,375 |
| Related party in substance | 329 | 540 |
| | <u>\$ 5,650</u> | <u>\$ 2,915</u> |

The purchase price of the Consolidated Company from a related party shall be negotiated by both parties with reference to the market situation. The payment terms for the Consolidated Company to purchase goods from related parties are equivalent to those of ordinary manufacturers, and the payment period is 60–90 days.

(4) Receivables from related parties

| Account item | Type/name of related party | December 31, 2023 | December 31, 2022 |
|----------------------|----------------------------|-------------------|-------------------|
| Accounts receivables | Related party in substance | \$ 3,794 | \$ 16,021 |
| | Affiliated enterprise | - | 17,067 |
| | | <u>\$ 3,794</u> | <u>\$ 33,088</u> |
| Other receivables | Parent company | \$ 1,100 | \$ 1,229 |
| | Affiliated enterprise | 753 | 18,215 |
| | Related party in substance | 100 | 200 |
| | Sister company | 4 | 8 |
| | | <u>\$ 1,957</u> | <u>\$ 19,652</u> |

No guarantee was collected for the outstanding receivables from related parties. An allowance for losses on receivables from related parties at the end of 2023 and 2022 was recognized based on lifetime expected credit losses.

(5) Payables to related parties

| Account item | Type/name of related party | December 31, 2023 | December 31, 2022 |
|------------------|----------------------------|-------------------|-------------------|
| Accounts payable | Related party in substance | \$ 305 | \$ - |
| | Sister company | <u>3</u> | <u>959</u> |
| | | <u>\$ 308</u> | <u>\$ 959</u> |
| Account item | Type/name of related party | December 31, 2023 | December 31, 2022 |
| Other payables | Related party in substance | \$ 33,450 | \$ 397 |
| | Parent company | 5,275 | 6,297 |
| | Affiliated enterprise | <u>72</u> | <u>-</u> |
| | | <u>\$ 38,797</u> | <u>\$ 6,694</u> |

No collateral was provided for the outstanding balance of payables to related parties.

(6) Prepayments for equipment

| Type/name of related party | December 31, 2023 | December 31, 2022 |
|----------------------------|-------------------|-------------------|
| Related party in substance | <u>\$ -</u> | <u>\$ 1,308</u> |

(7) Property, plant and equipment acquired

| Type/name of related party | Acquisition price | |
|----------------------------|-------------------|-------------|
| | 2023 | 2022 |
| Related party in substance | \$ 1,308 | \$ - |
| Parent company | <u>550</u> | <u>-</u> |
| | <u>\$ 1,858</u> | <u>\$ -</u> |

(8) Disposal of property, plant and equipment

| Type/name of related party | Proceeds from disposal | | Gain on disposal | |
|----------------------------|------------------------|-------------|------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Sister company | <u>\$ 300</u> | <u>\$ -</u> | <u>\$ 175</u> | <u>\$ -</u> |

(9) Lease agreements

| Type/name of related party | 2023 | 2022 |
|---|-------------|-----------------|
| <u>Acquisition of right-of-use assets</u> | | |
| Parent company | <u>\$ -</u> | <u>\$ 1,540</u> |

| <u>Account item</u> | <u>Type/name of related party</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------------|-----------------------------------|--------------------------|--------------------------|
| Lease liabilities | Parent company | <u>\$ 2,841</u> | <u>\$ 108,631</u> |
| | | | |
| | <u>Type/name of related party</u> | <u>2023</u> | <u>2022</u> |
| <u>Interest expense</u> | | | |
| Parent company | | <u>\$ 630</u> | <u>\$ 1,739</u> |
| | | | |
| | <u>Type/name of related party</u> | <u>2023</u> | <u>2022</u> |
| <u>Lease expense</u> | | | |
| Parent company | | <u>\$ 9,443</u> | <u>\$ 2,176</u> |
| | | | |
| <u>Rental income</u> | | | |
| Affiliated enterprise | | \$ 5,972 | \$ 5,993 |
| Parent company | | <u>4,110</u> | <u>3,613</u> |
| | | <u>\$ 10,082</u> | <u>\$ 9,606</u> |

The Consolidated Company has leased land and offices to related parties. The lease terms are determined by agreement between the two parties and the rent is collected monthly.

(10) Borrowings from related parties

| <u>Type/name of related party</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------------------|--------------------------|--------------------------|
| Related party in substance | <u>\$ 10,125</u> | <u>\$ -</u> |
| | | |
| <u>Interest expense</u> | | |
| | | |
| <u>Type/name of related party</u> | <u>2023</u> | <u>2022</u> |
| Related party in substance | <u>\$ 544</u> | <u>\$ -</u> |

The interest rate of the Consolidated Company's borrowings from related parties is equivalent to the market interest rate.

(11) Others

Other transactions between the Consolidated Company and the parent company are summarized as follows:

| <u>Item</u> | <u>2023</u> | <u>2022</u> |
|--------------------|-------------|-------------|
| Utilities expenses | \$ 11,623 | \$ 11,710 |
| Other income | 3,406 | 2,634 |
| Other expenses | 3,081 | 5,095 |
| Service expenses | 2,718 | 5,168 |

Other transactions between the Consolidated Company and the sister companies are summarized as follows:

| Item | 2023 | 2022 |
|--------------|-------|--------|
| Other income | \$ 55 | \$ 131 |

Other transactions between the Consolidated Company and associates are summarized as follows:

| Item | 2023 | 2022 |
|----------------|----------|----------|
| Other income | \$ 2,377 | \$ 1,990 |
| Other expenses | 71 | 891 |

Other transactions between the Consolidated Company and related parties in substance are summarized as follows:

| Item | 2023 | 2022 |
|----------------|--------|--------|
| Other income | \$ 571 | \$ 571 |
| Other expenses | - | 10 |

(12) Salary for key management

| | 2023 | 2022 |
|------------------------------|------------------|------------------|
| Short-term employee benefits | \$ 31,928 | \$ 35,864 |
| Post-employment benefits | 402 | 399 |
| | <u>\$ 32,330</u> | <u>\$ 36,263</u> |

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

33. Pledged Assets

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

| | December 31, 2023 | December 31, 2022 | Content of secured debts |
|--|----------------------|----------------------|-----------------------------|
| Pledged demand deposits and time deposits (recognized in other financial assets – current and non-current) | \$ 353,337 | \$ 172,356 | Bank borrowings |
| Pledged time deposits (recognized in other financial assets – non-current) | 14,929 | 15,827 | Customs bonds |
| Notes receivables | 25,214 | 40,211 | Bank borrowings |
| Property, plant and equipment | <u>2,083,236</u> | <u>1,119,373</u> | Bank borrowings |
| | <u>\$ 2,476,716</u> | <u>\$ 1,347,767</u> | |

34. Significant Contingent Liabilities and Unrecognized Contract Commitments

The Consolidated Company's major commitments and contingencies on the balance sheet date are as follows:

- (1) On November 8, 2017, the Company's board of directors resolved a decision to merge with E.I. du Pont de Nemours and Company entered into a non-exclusive patent license agreement and paid a license fee to obtain a patent license related to solar conductive plasma.
- (2) The Consolidated Company's Sunshine Solar Power Generation Co., Inc. entered into a construction contract with Meralco Industrial Engineering Services Corporation for a total contract amount of US\$4,546 thousand and Philippine peso 117,500 thousand. The accumulated amount paid as of December 31, 2023 was US\$3,436 thousand and Philippine peso 11,175 thousand, which were recorded as construction in progress.

35. Information on foreign currency assets and liabilities with significant effect

The following information is expressed in aggregate in foreign currencies other than the functional currency of each of the consolidated entities, 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:

December 31, 2023

| | <u>Foreign currency</u> | <u>Exchange rate</u> | <u>Book value</u> |
|-------------------------------------|-----------------------------|----------------------|-------------------|
| <u>Foreign-currency assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD | \$ 72,375 | 30.705 | \$ 2,222,274 |
| JPY | 651,558 | 0.2172 | 141,518 |
| RMB | 239,637 | 4.327 | 1,036,909 |
| <u>Foreign-currency liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD | 51,352 | 30.705 | 1,576,763 |
| JPY | 383,691 | 0.2172 | 83,338 |
| RMB | 104 | 4.327 | 450 |
| EUR | 2,210 | 33.98 | 75,096 |

December 31, 2022

| | Foreign currency | Exchange rate | Book value |
|-------------------------------------|---------------------|---------------|--------------|
| <u>Foreign-currency assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD | \$ 50,495 | 30.71 | \$ 1,550,701 |
| JPY | 6,399 | 0.2324 | 1,487 |
| RMB | 120,355 | 4.408 | 530,525 |
| EUR | 41 | 32.72 | 1,342 |
| <u>Foreign-currency liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD | 29,680 | 30.71 | 911,473 |
| JPY | 17,601 | 0.2324 | 4,090 |
| RMB | 400 | 4.408 | 1,763 |

The net foreign currency exchange gains (losses) (realized and unrealized) of the Consolidated Company amounted to NT\$(17,326) thousand and NT\$124,556 thousand in 2023 and 2022, respectively. Due to the wide variety of the functional currencies of the group entities with foreign currency transaction, it is not possible to disclose the exchange gains or losses by each currency of significant impact.

36. Additional Disclosures

(1) Information on major transactions and (2) 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. (None)
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 4)
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more. (Exhibit 5)
9. Engagement in derivative transactions. (None)

10. Business relationships and significant intercompany transactions between the parent and subsidiaries and between subsidiaries and the amounts involved: (Exhibit 6)
11. 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 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: (Exhibits 1 and 2 and Note 6)
 - (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. (Exhibit 9)
37. Departmental information

The reportable segments of the Consolidated Company are strategically managed business units that provide different products and services and earn revenues and incur expenses. Since each strategic business unit requires different technology and marketing strategies, the operating decision maker manages and monitors the operating results of each business unit separately to make decisions on resource allocation and performance evaluation.

The reportable segments of the Consolidated Company are as follow:

1. The Photovoltaic Materials Division is mainly engaged in the research and development, manufacturing and sales of solar conductive plasma.
2. The Solar Power Plant Division mainly engages in solar power generation and sales.
3. The Wire Materials Division mainly engages in the manufacturing and sales of diamond wires as well as the processing and sales of solar silicon wafers and solar silicon auxiliary materials and wafers.

The Consolidated Company aggregated the business divisions of Hua Hsu Silicon Materials Co., Ltd. and Yancheng Giga Diamond Materials Corporation and consolidated their relevant information into the reportable segment of Wire Materials Division, since management determines that these divisions have similar economic characteristics and meet most of the aggregation criteria.

The profits or losses of the reportable segments of the Consolidated Company are measured at operating profits (losses) before tax and are used as the basis for performance evaluation. The accounting policies of the business divisions are the same as those described in the summary of significant accounting policies in Note 4; however, non-operating income and gains, non-operating expenses and losses, and income taxes in the consolidated financial statements are managed on a group basis and are not allocated to the business divisions.

Transfer pricing between business divisions of the Consolidated Company is based on similar regular transactions with external third parties or markets.

(1) Segment Revenue and Operating Results

The revenue and operating results of the Consolidated Company's continuing operations are analyzed by reportable segment as follows:

2023

| | Photovoltaic Materials Division | Solar Power Plant Division | Wire Materials Division | Other Divisions | Total |
|---|---------------------------------------|-------------------------------|----------------------------|-----------------|-----------------|
| Revenues from external customers | \$ 2,373,224 | \$ 224,516 | \$ 369,111 | (\$ 8,440) | \$ 2,958,411 |
| Costs and expenses | (2,871,797) | (133,478) | (669,090) | (250,708) | (3,925,073) |
| Segment profit or loss | (\$ 498,573) | \$ 91,038 | (\$ 299,979) | (\$ 259,148) | (966,662) |
| Interest income | | | | | 43,232 |
| Other income | | | | | 53,740 |
| Financial costs | | | | | (52,652) |
| Share of associates accounted for using the equity method | | | | | (53,617) |
| Other gains and losses | | | | | (197,843) |
| Net losses before tax from continuing operations | | | | | (\$ 1,173,802) |

2022

| | Photovoltaic Materials Division | Solar Power Plant Division | Wire Materials Division | Other Divisions | Total |
|---|---------------------------------------|-------------------------------|----------------------------|-----------------|----------------|
| Revenues from external customers | \$ 3,388,592 | \$ 220,783 | \$ 1,686,148 | \$ 359,322 | \$ 5,654,845 |
| Costs and expenses | (3,878,112) | (135,828) | (1,685,151) | (394,853) | (6,093,944) |
| Segment profit or loss | (\$ 489,520) | \$ 84,955 | \$ 997 | (\$ 35,531) | (439,099) |
| Interest income | | | | | 8,692 |
| Other income | | | | | 52,941 |
| Financial costs | | | | | (70,229) |
| Share of associates accounted for using the equity method | | | | | (30,646) |
| Other gains and losses | | | | | (38,401) |
| Net losses before tax from continuing operations | | | | | (\$ 516,742) |

(2) Revenues from major products

| | 2023 | 2022 |
|------------------------------------|---------------------|---------------------|
| Conductive paste | \$ 2,373,224 | \$ 3,388,592 |
| Silicon materials for solar energy | 266,736 | 1,419,889 |
| Others | 318,451 | 846,364 |
| Total | <u>\$ 2,958,411</u> | <u>\$ 5,654,845</u> |

(3) Regional information

Revenues from external customers:

| | 2023 | 2022 |
|-----------------|---------------------|---------------------|
| Southeast Asia | 811,351 | 1,258,103 |
| Taiwan | 777,679 | 1,269,479 |
| Mainland China | 631,111 | 2,354,818 |
| Japan | \$ 359,085 | \$ 214,089 |
| South Korea | 203,463 | 211,151 |
| India | 117,870 | 298,828 |
| Hong Kong | 10,124 | 12,256 |
| Other countries | 47,728 | 36,121 |
| Total | <u>\$ 2,958,411</u> | <u>\$ 5,654,845</u> |

Revenue is aggregated based on the country in which the customer is located.

Non-current assets:

| | 2023 | 2022 |
|----------------|---------------------|---------------------|
| Taiwan | \$ 2,947,919 | \$ 2,858,840 |
| Mainland China | 1,086,430 | 1,290,182 |
| Japan | 991,789 | 1,013,480 |
| Philippines | 551,706 | 541,561 |
| Total | <u>\$ 5,577,844</u> | <u>\$ 5,704,063</u> |

Non-current assets exclude financial instruments and deferred tax assets.

(4) Information on major customers

Revenues from a single customer amounting to 10% or more of the Consolidated Company's total revenues are as follows:

| Item | 2023 | 2022 |
|------------|-----------|-----------|
| Customer A | \$357,874 | \$405,701 |
| Customer B | 348,238 | 920,999 |
| Customer C | 303,713 | - |
| Customer D | - | 674,661 |

Giga Solar Materials Corporation and Its Subsidiaries

Lending funds to others

January 1 to December 31, 2023

Units: NTD thousands, unless otherwise stated

Exhibit 1

| 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 | The Company | Yancheng Giga Solar Materials Corporation | Other receivables (Note 1) | Yes | \$ 163,835 (CNY 37,863) | \$ - | \$ - | - | Business dealings | \$ 139,484 | - | \$ - | None | \$ - | \$ 139,484 (Note 2) | \$ 2,655,803 (Note 2) | - |
| | | Yancheng Giga Solar Materials Corporation | Other receivables | Yes | 661,512 (CNY 152,880) | 599,411 (CNY 138,528) | 599,411 (CNY 138,528) | 0%~2.5% | Short-term financial accommodation | - | To meet the operational needs of subsidiary | - | None | - | 663,950 (Note 2) | 2,655,803 (Note 2) | - |
| | | Godo Kaisha Chiba1 | Other receivables | Yes | 80,364 (JPY 370,000) | 80,364 (JPY 370,000) | 80,364 (JPY 370,000) | 2.5% | Short-term financial accommodation | - | To meet the operational needs of subsidiary | - | None | - | 663,950 (Note 2) | 2,655,803 (Note 2) | - |
| 1 | Whole Sun Green Power Co., Ltd. | Sunshine Solar Power Generation Co., Inc. | Other receivables | Yes | 477,526 (USD 15,552) | 448,970 (USD 14,622) | 448,970 (USD 14,622) | 2% | Short-term financial accommodation | - | To meet the operational needs of subsidiary | - | None | - | 603,793 (Note 2) | 603,793 (Note 3) | - |
| | | Godo Kaisha Chiba1 | Other receivables | Yes | 84,708 (JPY 390,000) | 84,708 (JPY 390,000) | 84,708 (JPY 390,000) | 2%~3% | Short-term financial accommodation | - | To meet the operational needs of subsidiary | - | None | - | 603,793 (Note 3) | 603,793 (Note 3) | - |
| 2 | Green Energy Electrode Inc. | Yancheng Green Energy Electrode Corp. | Other receivables | Yes | 113,800 (CNY 26,300) | 113,800 (CNY 26,300) | 113,800 (CNY 26,300) | 1% | Short-term financial accommodation | - | To meet the operational needs of subsidiary | - | None | - | 59,333 (Notes 7 and 9) | 118,666 (Note 7) | - |
| | | Green Energy Electrode, Inc. | Other receivables | Yes | 43,270 (CNY 10,000) | - | - | 1% | Short-term financial accommodation | - | To meet the operational needs of subsidiary | - | None | - | 59,333 (Note 7) | 118,666 (Note 7) | - |
| 3 | Green Energy Electrode, Inc. | Yancheng Green Energy Electrode Corp. | Other receivables | Yes | 43,270 (CNY 10,000) | - | - | 1% | Short-term financial accommodation | - | To meet the operating needs of the subsidiary | - | None | - | - | - | - |
| 4 | Wisdom Field Limited | Sunshine Solar Power Generation Co., Inc. | Other receivables | Yes | 153,525 (USD 5,000) | 149,840 (USD 4,880) | 149,840 (USD 4,880) | 2% | Short-term financial accommodation | - | To meet the operating needs of the subsidiary | - | None | - | 157,716 (Note 3) | 157,716 (Note 3) | - |
| 5 | Merchant Energy PTE., Ltd. | Sunshine Solar Power Generation Co., Inc. | Other receivables | Yes | 92,115 (USD 3,000) | 35,311 (USD 1,150) | 35,311 (USD 1,150) | 2% | Short-term financial accommodation | - | To meet the operating needs of the subsidiary | - | None | - | 38,511 (Note 3) | 38,511 (Note 3) | - |
| 6 | Eiwa Electric Power Co., Inc. | Giga Solar Materials Corporation | Other receivables | Yes | 80,364 (JPY 370,000) | 80,364 (JPY 370,000) | 80,364 (JPY 370,000) | 2.5% | Short-term financial accommodation | - | To meet the operating needs | - | None | - | 786,220 (Note 12) | 786,220 (Note 12) | - |
| 7 | Suzhou Giga Solar Materials Corporation | Yancheng Giga Solar Materials Corporation | Other receivables | Yes | 64,905 (CNY 15,000) | 64,905 (CNY 15,000) | 64,905 (CNY 15,000) | - | Short-term financial accommodation | - | To meet the operating needs | - | None | - | 69,681 (Note 5) | 69,681 (Note 5) | - |
| 8 | Hua Hsu Silicon Materials Co., Ltd. | Yancheng Giga Diamond Materials Corporation | Other receivables | Yes | 224,147 (USD 7,300) | 162,737 (USD 5,300) | 162,737 (USD 5,300) | 1% | Short-term financial accommodation | - | To meet the operating needs of the subsidiary | - | None | - | 438,056 (Note 4) | 438,056 (Note 4) | - |
| 9 | Yancheng Giga Solar Materials Corporation | Tron Giga (Yancheng) Energy Co., Ltd. | Other receivables (Note 1) | Yes | 17,005 (CNY 3,930) | - | - | - | Short-term financial accommodation | - | Note 1 | - | None | - | 70,960 (Note 10) | 709,602 (Note 10) | - |
| 10 | Chongqing Shin Tsai New Material Technology Co., Ltd. | Yancheng Green Energy Electrode Corp. | Other receivables (Note 1) | Yes | 45,073 (CNY 10,417) | 45,073 (CNY 10,417) | 45,073 (CNY 10,417) | - | Short-term financial accommodation | - | Note 1 | - | None | - | 70,960 (Note 10) | 709,602 (Note 10) | - |
| | | Yancheng Green Energy Electrode Corp. | Other receivables | Yes | 84,377 (CNY 19,500) | 43,270 (CNY 10,000) | 43,270 (CNY 10,000) | - | Short-term financial accommodation | - | To meet the operating needs | - | None | - | 177,391 (Note 5) | 177,391 (Note 5) | - |

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 the normal credit extension period and the loan nature was approved by the board meeting.

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.

Note 5: The total amount of funds lending by Suzhou Giga Solar Materials Corporation and Chongqing Shin Tsai New Material Technology Co., Ltd. shall be limited to no more than 100% of its most recent net worth. The amount of individual funds lending to overseas companies in which the Company and the parent company directly or indirectly holds 100% of its voting shares is limited to 100% 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 the Company's 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 = 4.327 NTD; 1 USD = 30.705 NTD; 1 JPY = 0.2172 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 amounts of NT\$12,505 thousand and NT\$2,620 thousand were recognized as other receivables due to the fact that the receivables of Yancheng Giga Solar Materials Corporation from the Company exceeded a certain period of normal credit extension period and the loan nature was approved by the board meetings on January 19, 2024 and March 15, 2024, respectively.

Note 9: The capital loan and ending balance exceeded the limit; the subsidiary Green Energy Electrode Inc. formulated an improvement plan on March 27, 2024 which has been approved by the board meeting, and will complete the improvement according to the planned schedule.

Note 10: The total amount of funds loaned by Yancheng Giga Solar Materials Corporation shall not exceed 100% of the Company's net worth in the most recent period. To other parties, it shall not exceed 10% of the most recent net worth.

Note 11: The total amount of funds lending shall not exceed 60% 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 40% 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 12: The total amount of funds lending by the Company 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.

Giga Solar Materials Corporation and Its Subsidiaries
Endorsement and guarantee for others
January 1 to December 31, 2023

Exhibit 2 Units: NTD thousands, unless otherwise stated

| Number | 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 endorsement and guarantee to net worth of the most recent financial statements (%) | Limit for Maximum Endorsement and Guarantee | Parent company endorsement and guarantee for subsidiary | Subsidiary endorsement and guarantee for parent company | Endorsement and guarantee for Mainland China | Remarks |
|--------|---|---|--------------|---|---|---|----------------------|---|---|---|---|---|--|---------|
| | | Company name | Relationship | | | | | | | | | | | |
| 0 | The Company | Yancheng Giga Solar Materials Corporation | 2 | \$ 6,639,509 (Note 1) | \$ 346,160 | \$ 346,160 | \$ 194,715 | \$ 221,076 | 5.21 | \$ 6,639,509 | Y | — | Y | — |
| 1 | Hua Hsu Silicon Materials Co., Ltd. | Yancheng Giga Diamond Materials Corporation | 2 | 1,095,141 (Note 1) | 186,061 | 186,061 | 43,270 | 43,560 | 16.99 | 1,095,141 | Y | — | Y | — |
| 2 | Green Energy Electrode Inc. | Yancheng Green Energy Electrode Crop. | 2 | 296,666 (Note 1) | 43,270 | 43,270 | 43,270 | 51,924 | 14.59 | 296,666 | Y | — | Y | — |

Note 1: According to the “Operating Procedures for Endorsements and Guarantee” of Giga Solar Materials Corporation, Hua Hsu Silicon Materials Co., Ltd., and Green Energy Electrode Inc., 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 Solar Materials Corporation, Hua Hsu Silicon Materials Co., Ltd., or Green Energy Electrode Inc. The total endorsements/guarantees by Giga Solar Materials Corporation, Hua Hsu Silicon Materials Co., Ltd. or Green Energy Electrode Inc. to external entities shall not exceed 100% of the net worth of the Company.

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 = 4.327 NTD; 1 USD = 30.705 NTD; 1 JPY = 0.2172 NTD).

Giga Solar Materials Corporation and Its Subsidiaries
 Marketable securities held at the end of the period
 December 31, 2023

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 (%) | Fair value |
| The Company | Funds | TIEF Fund, L.P. | — | Financial assets at fair value through profit or loss – non-current | 1,540,000 | \$ 33,170 | 7.45 | \$ 33,170 |
| | Funds | Yuantai/P-shares Taiwan Top 50 ETF | — | Financial assets at fair value through profit or loss – non-current | 8,000 | 1,083 | - | 1,083 |
| | Stocks | Long Time Tech. Co., Ltd. | — | Financial assets measured at fair value through other comprehensive income – non-current | 8,005,000 | 175,320 | 6.71 | 175,320 |
| | Stocks | Yusheng Energy Co., Ltd. | — | Financial assets measured at fair value through other comprehensive income – non-current | 6,462,000 | 58,414 | 14.25 | 58,414 |
| Green Energy Electrode Inc. | Stocks | Big Sun Energy Technology Inc. | — | Financial assets measured at fair value through other comprehensive income – non-current | 2,250,000 | - | 0.51 | - |
| | Stocks | Foresight Energy Technology | — | Financial assets measured at fair value through other comprehensive income – non-current | 3,200,000 | 85,312 | 6.15 | 85,312 |
| | Stocks | Phoenix Battery Corporation | — | Financial assets measured at fair value through other comprehensive income – non-current | 500,000 | 15,375 | 0.79 | 15,375 |
| | | | | | | | | |

Note 1: The marketable securities listed above were not guaranteed or pledged for borrowing or otherwise restricted by contract as of December 31, 2023.

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

Giga Solar Materials Corporation and Its Subsidiaries

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, 2023

Exhibit 4

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 | Proportion to total purchase (sales) | Credit period | Unit price | Balance | Proportion to total notes and accounts receivable (payable) | |
| The Company | Yancheng Giga Solar Materials Corporation | Affiliates of the Company | Sales | \$ 139,484 | 7.32% | Monthly settlement 120–180 days | \$ - | \$ 127,565 | 26.39% | — |

Giga Solar Materials Corporation and Its Subsidiaries

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more.

December 31, 2023

Units: NTD thousands, unless otherwise stated

Exhibit 5

| 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> The Company | Yancheng Giga Solar Materials Corporation | Affiliates of the Company | \$ 741,389 | 3.42 times | \$ 170,562 | Ongoing Collections | \$ 104,828 | \$ - |
| Hua Hsu Silicon Materials Co., Ltd. | Yancheng Giga Diamond Materials Corporation | Affiliates of the Company | 309,876 | - | 147,139 | Ongoing Collections | 365 | - |
| Yancheng Giga Solar Materials Corporation | Yancheng Giga Diamond Materials Corporation | Affiliates of the Company | 118,171 | - | - | — | - | - |
| Green Energy Electrode Inc. | Yancheng Green Energy Electrode Crop. | Affiliates of the Company | 119,122 | - | - | — | - | - |
| Whole Sun Green Power Co., Ltd. | Sunshine Solar Power Generation Co., Inc. | Affiliates of the Company | 474,927 | - | - | — | - | - |
| Wisdom Field Limited (Samoa) | Sunshine Solar Power Generation Co., Inc. | Affiliates of the Company | 164,096 | - | - | — | - | - |

Giga Solar Materials Corporation and Its Subsidiaries

Business relationships and significant intercompany transactions between the parent and subsidiaries and the amounts involved:

January 1 to December 31, 2023

Exhibit 6 Units: NTD thousands, unless otherwise stated

| Number | Name of trading counterparty | Trading counterparty | Relationship with the trading counterparty | Circumstance of the transactions | | | Percentage of total consolidated revenues or total assets |
|--------|---|---|--|----------------------------------|------------|---|---|
| | | | | Account | Amount | Terms of Trade | |
| 0 | The Company | Yancheng Giga Solar Materials Corporation | 1 | Sales revenues | \$ 139,484 | The above sale prices are agreed upon by both parties and there is no fixed percentage of price increase. | 4.71% |
| 1 | Whole Sun Green Power Co., Ltd. | Sunshine Solar Power Generation Co., Inc. | 1 | Accounts receivables | 127,565 | Monthly settlement 120–180 days | 1.11% |
| 2 | Green Energy Electrode Inc. | Yancheng Green Energy Electrode Crop. | 1 | Other receivables | 613,824 | According to the contract | 5.35% |
| | | | 3 | Other receivables | 474,927 | According to the contract | 4.14% |
| 3 | Chongqing Shin Tsai New Material Technology Co., Ltd. | Yancheng Green Energy Electrode Crop. | 3 | Other receivables | 119,122 | According to the contract | 1.04% |
| 4 | Wisdom Field Limited (Samoa) | Yancheng Green Energy Electrode Crop. | 3 | Other receivables | 43,270 | According to the contract | 0.38% |
| 5 | Merchant Energy PTE.,Ltd. | Sunshine Solar Power Generation Co., Inc. | 3 | Other receivables | 164,096 | According to the contract | 1.43% |
| | | Sunshine Solar Power Generation Co., Inc. | 3 | Other receivables | 45,804 | According to the contract | 0.40% |
| 6 | Hua Hsu Silicon Materials Co., Ltd. | Sunshine Solar Power Generation Co., Inc. | 3 | Property, plant and equipment | 9,281 | 90 days from the monthly cut-off day | 0.08% |
| | | | 3 | Accounts receivables | 11,592 | 90 days from the monthly cut-off day | 0.10% |
| | | | 3 | Other receivables | 135,547 | 90 days from the monthly cut-off day | 1.18% |
| | | | 3 | Other receivables | 162,737 | monthly cut-off day | 1.42% |
| | | | 3 | Prepayments for goods | 72,344 | According to the contract 90 days from the monthly cut-off day | 0.63% |
| | | | 3 | Cost of goods sold | 42,164 | 90 days from the monthly cut-off day | 1.43% |

Note 1: 1. Representing parent company’s transactions to subsidiary

2. Representing subsidiary’s transactions to another subsidiary

3. Representing subsidiary’s transactions to parent company

Note 2: Sales prices and property transactions with subsidiaries are not comparable to those of other parties, and the collection period from subsidiaries is 90–180 days.

Note 3: The important transactions in this exhibit may be determined by the companies based on their own materiality principles.

Giga Solar Materials Corporation and Its Subsidiaries

Name of investee, location, etc.

January 1 to December 31, 2023

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 | | | |
| The Company | Whole Sun Green Power Co., Ltd. | Hukou Township, Hsinchu County Mauritius | Solar Energy Related Business | \$ 2,723,842 | \$ 2,723,842 | 126,516,924 | 100% | \$ 1,509,483 | \$ 57,121 | \$ 57,121 | — |
| | Giga Solar Materials Corporation (Mauritius) | | General investment | 788,490 | 788,490 | 25,900,000 | 100% | 808,880 | (63,446) | (64,428) | (Note 6) |
| | Tron Energy Technology Corporation | Zhongli District, Taoyuan City | Electric buses, diesel buses/battery systems/energy storage systems | 461,875 | 461,875 | 6,244,989 | 10.40% | 260,035 | (344,140) | (45,037) | (Note 6) |
| | ACRO Biomedical Co. Ltd. | Luzhu District, Kaohsiung City | Manufacturing and wholesale of medical devices | 58,493 | 80,700 | 2,900,000 | 4.74% | 68,141 | (31,579) | (3,063) | (Note 2) |
| | Hua Hsu Silicon Materials Co., Ltd. | Xitun District, Taichung | Manufacturing of metal wire products, manufacturing of electronic components, trading and other related businesses | 817,507 | 686,063 | 41,500,972 | 34.03% | 382,079 | (381,253) | (131,478) | (Note 6) |
| Green Energy Electrode Inc. Whole Sun Green Power Co., Ltd. | Green Energy Electrode Inc. | Hukou Township, Hsinchu County | Manufacturing and trading of energy materials | 459,276 | 459,276 | 22,588,759 | 52.81% | 157,027 | (293,991) | (155,489) | — |
| | Green Energy Electrode, Inc. | Samoa | General investment | 176,342 | 176,342 | 6,000,000 | 100% | (190,540) | (272,616) | (Note 3) | — |
| | Eiwa Electric Power Co., Inc. | Fukushima Prefecture, Japan | Solar Energy Related Business | 15,070 | 15,070 | - | 100% | 79,677 | 23,021 | (Note 3) | — |
| | Godo Kaisha Best Solar | Chiba Prefecture, Japan | Solar Energy Related Business | 44,939 | 44,939 | - | (註 1) | 39,178 | 8,448 | (Note 3) | — |
| | Godo Kaisha Chiba 1 | Wakayama, Japan | Solar Energy Related Business | 96,328 | 96,328 | - | (註 1) | 58,203 | (16,264) | (Note 3) | — |
| Wisdom Field Limited (Samoa) Merchant Energy PTE., Ltd. | Godo Kaisha Merchant Energy NO.8 | Fukushima Prefecture, Japan | Solar Energy Related Business | 69,325 | 69,325 | - | (註 1) | 137,892 | 51,510 | (Note 3) | — |
| | Wisdom Field Limited (Samoa) | Samoa | General investment | 1,173,221 | 1,173,221 | 37,110,000 | 100% | 394,293 | (4,792) | (Note 3) | — |
| | Merchant Energy PTE., Ltd. | Singapore | General investment | 876,296 | 876,296 | 28,100,000 | 87% | 83,763 | (14,509) | (Note 3) | — |
| Hua Hsu Silicon Materials Co., Ltd. | Sunshine Solar Power Generation Co., Inc. | Philippines | Solar Energy Related Business | 814,827 | 814,827 | - | 39.93% | (47,733) | (16,794) | (Note 3) | — |
| | Giga Diamond Materials Corporation (Seychelles) | Sesel | General investment | 652,782 | 652,782 | 21,200,000 | 100% | (350,351) | (164,944) | (Note 3) | — |

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: The Company invested in the shares in ACRO Biomedical Co. Ltd. in March 2022 with an expectation to make profits in the long term. It initially elected to designate said investment as measured at fair value through other comprehensive income. As the Company has served as a corporate director of ACRO Biomedical Co. Ltd. since June 24, 2022, it has gained a significant influence on the latter, so said investment is accounted for using the equity method.

Note 3: Gains or losses on investments in these companies are included in the investment gain or loss of the subsidiaries.

Note 4: 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 5: Please refer to Exhibit 8 for information on investees in Mainland China.

Note 6: 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.

Giga Solar Materials Corporation and Its Subsidiaries
Information on investment in mainland China
January 1 to December 31, 2023

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) | (\$ 9,049) | 100% | (\$ 8,856) | \$ 69,203 | \$ - | (Note 2) |
| Yancheng Giga Solar Materials Corporation | Photovoltaic process testing and technical services, etc. | 861,430 (USD 22,900+ CNY 35,000) (Note 5) | Indirectly invested through an invested enterprise in the third region (Mauritius) | 701,130 (USD 22,900) | - | - | 701,130 (USD 22,900) | (49,072) | 100% | (49,072) | 709,603 | - | (Notes 2 and 7) |
| Yancheng Giga Diamond Materials Corporation | Manufacturing and sale of wire materials, etc. | 652,782 (USD 21,200) | Indirectly invested through an invested enterprise in the third region (Seychelles) | 652,782 (USD 21,200) | - | - | 652,782 (USD 21,200) | (164,944) | 100% | (162,242) | (338,877) | - | (Notes 2 and 8) |
| Yancheng Green Energy Electrode Corp. | 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) | 176,342 (USD 6,000) | - | - | 176,342 (USD 6,000) | (272,616) | 100% | (272,616) | (190,547) | - | (Note 2) |
| Chongqing Shin Tsai New Material Technology Co., Ltd. | Lithium battery material manufacturing, research and development, and lithium-ion battery technology development and consulting services | 180,210 (USD 6,000) | Direct invest in mainland China | - | (USD 6,000) | - | 180,210 (USD 6,000) | 950 | 100% | 950 | 177,391 | - | - |
| 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) | - | - | - | - | (11,260) | 49% | (5,517) | 33,381 | - | - |
| Nantong Exojet Electronics Co., Ltd. | Manufacturing and sales of thick film materials for passive components | - | Direct invest in mainland China | 154,128 (USD 5,000) | - | 154,128 (USD 5,000) | - | - | - | - | - | - | (Note 9) |

| 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 | \$995,498 (USD25,900+CNY45,437) | \$1,074,158 (USD35,331) | \$ 3,983,705 |
| Hua Hsu Silicon Materials Co., Ltd. | 652,782 (USD21,200) | 652,782 (USD21,200) | 657,084 |
| Green Energy Electrode Inc. | 356,552 (USD12,000) | 356,552 (USD12,000) | 177,999 |

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.

(Continued on next page)

(Continued from previous page)

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 1:30.705

Note 5: RMB 35,000 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 has 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: RMB 10,437 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 has 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: The Company was approved by the Investment Commission, Ministry of Economic Affairs, in February 2022 to invest US\$8 million in Yancheng Giga Solar Materials Corporation with its own funds through Giga Solar Materials Corporation (Mauritius), an investee in a third region, and the investment was completed.

Note 8: Hua Hsu Silicon Materials Co., Ltd., a subsidiary of the Company, was approved by the Investment Commission, Ministry of Economic Affairs, in March 2022 to invest US\$2 million in Yancheng Giga Diamond Materials Corporation with its own funds through Giga Diamond Materials Corporation (Seychelles), an investee in a third region, and the investment was completed in April 2022.

Note 9: The liquidation of Nantong Exojet Electronics Co., Ltd. was completed on December 28, 2022, and an investment amount of 12,462 thousand CNY was recovered on January 13, 2023.

Giga Solar Materials Corporation
Information on major shareholders
December 31, 2023

Exhibit 9

| Name of major shareholder | Shares | |
|-------------------------------------|-----------------------|-----------------------|
| | Number of shares held | Number of shares held |
| Gigastorage Corporation | 34,982,909 shares | 38.07% |
| Hong-Yang Venture Capital Co., Ltd. | 9,265,098 shares | 10.08% |
| Sincere Holding Company | 4,686,000 shares | 5.09% |

Note 1: The major shareholders in this table are shareholders holding at least 5% of the ordinary and preference shares (including treasury shares) with dematerialized registration and delivery completed on the last business day of the quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered with registration of dematerialized securities completed as a result of different bases of preparation.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their shares in a trust and shares with the right to make decisions on trust property, please refer to the MOPS.

Giga Solar Materials Corporation

Individual Financial Statements and Independent Auditor's Report

For the Years Ended December 31, 2023 and 2022

Address: No. 3, Industrial 1st Road, Hukou Township,
Hsinchu County

Phone: (03)5981886

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Independent auditor's report

To Giga Solar Materials Corporation,

Audit Opinion

We have audited the individual balance sheet of Giga Solar Materials Corporation as of December 31, 2023 and 2022, and the individual comprehensive income statements, consolidated statement of changes in shareholders' equity, individual cash flow statements, and notes to the individual 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 individual financial statements referred to above present fairly, in all material respects, the individual financial position of Giga Solar Materials Corporation as of December 31, 2023 and 2022, and its individual financial performance and cash flows for the years ended December 31 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Opinion

We conducted our audits in accordance with the Entrusted Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards of the Republic of China. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the individual financial statements. We are independent of Giga Solar Materials Corporation 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 believe 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 2023 individual financial statements of Giga Solar Materials Corporation. These matters were addressed in the content of our audit of the individual 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 2023 individual financial statements of Giga Solar Materials Corporation are as follows:

Authenticity of revenues

The sales revenues of Giga Solar Materials Corporation is mainly from the sales of solar conductive plasma. The sales revenues from specific clients and products changed significantly in 2023 (see Note 22), and, 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 (associates) have not been audited by us, but by other independent auditors. Therefore, of our opinions on the individual 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, 2023 and 2022, the above-mentioned investments under the equity method amounted to NT\$68,141 thousand and NT\$510,735 thousand, or 0.77% and 5.42% of total assets, respectively; the share of the above profits (losses) on associates recognized under the equity method amounted to NT\$(3,063) thousand and NT\$(27,439) thousand, or 0.38% and 5.60% of net income (loss) before tax, respectively for the years ended December 31, 2023 and 2022.

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

The management is responsible for the preparation and fair presentation of the individual 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 individual financial statements to be free from material misstatement whether due to fraud or error.

In preparing the individual financial statements, the management is also responsible for assessing the ability of Giga Solar Materials 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 Giga Solar Materials 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 Giga Solar Materials Corporation.

Auditor's Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual 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 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 individual financial statements.

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

1. Identify and assess the risks of material misstatement of the individual 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 Giga Solar Materials 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 Giga Solar Materials 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 individual 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 Giga Solar Materials Corporation to cease as a going concern.

5. Evaluate the overall presentation, structure, and content of the individual financial statements (including related notes), whether the individual 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 Giga Solar Materials Corporation to express an opinion on the individual financial statements. We are responsible for the direction, supervision and performance of the audit of Giga Solar Materials Corporation and forming the audit opinion on Giga Solar Materials 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 2023 individual 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.

Deloitte and Touche
CPA Zhong, Ming-Yuan

CPA Chang Ya-Yun

Financial Supervisory Commission Approval
Jin-Guan-Zheng-Shen-Zi No. 1050024633

Financial Supervisory Commission Approval
Jin-Guan-Zheng-Shen-Zi No. 1110348898

March 28, 2024

Unit: NTD thousand

| Code | Assets | December 31, 2023 | | December 31, 2022 | | Code | Liabilities and equity | December 31, 2023 | | December 31, 2022 | |
|------|---|---------------------|------------|---------------------|------------|------|--|---------------------|------------|---------------------|------------|
| | | Amount | % | Amount | % | | | Amount | % | Amount | % |
| 1100 | Current assets | | | | | | Current liabilities | | | | |
| | Cash and cash equivalents (Notes 4 and 6) | \$ 781,753 | 9 | \$ 1,208,590 | 13 | 2100 | Short-term borrowings (Notes 4, 17 and 30) | \$ 280,364 | 3 | \$ 100,000 | 1 |
| 1150 | Net notes receivable (Notes 4 and 9) | 318 | - | 134 | - | 2126 | Financial liabilities for hedging (Notes 4, 10 and 29) | 615,782 | 7 | 439,979 | 5 |
| 1170 | Net accounts receivable (Notes 4 and 9) | 351,667 | 4 | 433,709 | 5 | 2150 | Notes payable | 12,600 | - | 16,915 | - |
| 1180 | Net accounts payable – related party (Notes 4, 9 and 30) | | | | | 2170 | Accounts payable | 230,758 | 3 | 187,959 | 2 |
| 1200 | Other receivables (Notes 4 and 9) | 131,359 | 2 | 172,363 | 2 | 2180 | Accounts payable – related party (Note 30) | 523 | - | 2,103 | - |
| 1210 | Other receivables – related party (Notes 4, 9 and 30) | 26,183 | - | 19,578 | - | 2200 | Other payables (Note 19) | 100,274 | 1 | 114,232 | 1 |
| | | | | | | 2220 | Other payables – related party (Note 30) | 5,211 | - | 5,594 | - |
| 1220 | Current income tax assets (Notes 4 and 24) | 697,614 | 8 | 593,232 | 6 | 2280 | Lease liabilities – current (Notes 4, 13 and 30) | 14,134 | - | 30,848 | - |
| 130X | Inventories (Notes 4, 10 and 29) | 9,080 | - | 16,888 | - | | Corporate bonds payable – current portion (Notes 4 and 18) | - | - | 339,406 | 4 |
| 1410 | Prepayments (Notes 16 and 32) | 716,333 | 8 | 567,876 | 6 | 2321 | Long-term bank borrowings – current portion (Notes 4, 17 and 31) | 49,107 | 1 | 142,857 | 2 |
| 1479 | Other current assets (Note 16) | 42,360 | - | 30,714 | - | 2399 | Other current liabilities (Note 30) | 2,108 | - | 5,115 | - |
| 11XX | Total current assets | <u>2,759,244</u> | <u>31</u> | <u>3,046,120</u> | <u>32</u> | 21XX | Total current liabilities | <u>1,310,861</u> | <u>15</u> | <u>1,385,008</u> | <u>15</u> |
| | Non-current assets | | | | | | Non-current liabilities | | | | |
| 1510 | Financial assets at fair value through profit or loss – non-current (Notes 4 and 7) | 34,253 | - | 33,560 | - | 2540 | Long-term borrowings (Notes 4, 17 and 31) | 794,286 | 9 | 263,393 | 3 |
| 1517 | Financial assets at fair value through other comprehensive income – non-current (Notes 4 and 8) | | | | | 2580 | Lease liabilities - non-current (Notes 4, 13 and 30) | 28,941 | - | 131,417 | 1 |
| 1550 | Investments accounted for using the equity method (Notes 4, 5, 11 and 30) | 319,046 | 4 | 361,143 | 4 | | Net defined benefit liabilities (Notes 4 and 20) | 22,845 | - | 17,644 | - |
| 1600 | Property, plant and equipment (Notes 4, 12, 30 and 31) | 3,185,645 | 36 | 3,547,703 | 38 | 2645 | Deposits received (Note 30) | <u>41,420</u> | <u>1</u> | <u>42,420</u> | <u>1</u> |
| 1755 | Right-of-use assets (Notes 4, 13 and 30) | 1,217,114 | 14 | 1,187,879 | 13 | 25XX | Total non-current liabilities | <u>887,492</u> | <u>10</u> | <u>454,874</u> | <u>5</u> |
| 1760 | Investment property (Notes 4 and 14) | 52,019 | 1 | 168,150 | 2 | 2XXX | Total liabilities | <u>2,198,353</u> | <u>25</u> | <u>1,839,882</u> | <u>20</u> |
| 1780 | Intangible assets (Notes 4, 5 and 15) | 312,861 | 3 | 313,681 | 3 | | Equity (Notes 4, 21 and 26) | | | | |
| 1840 | Deferred tax assets (Notes 4 and 24) | 264,709 | 3 | 277,159 | 3 | | Capital stock | | | | |
| 1980 | Other financial assets – non-current (Note 31) | 127,522 | 1 | 124,875 | 1 | 3110 | Ordinary share capital | <u>918,834</u> | <u>10</u> | <u>918,834</u> | <u>10</u> |
| 1990 | Other non-current assets – others (Notes 16, 30 and 32) | 236,005 | 3 | 15,827 | - | 3200 | Capital surplus | <u>5,446,501</u> | <u>62</u> | <u>5,421,986</u> | <u>57</u> |
| 15XX | Total non-current assets | <u>329,444</u> | <u>4</u> | <u>351,723</u> | <u>4</u> | | Retained earnings | | | | |
| | | <u>6,078,618</u> | <u>69</u> | <u>6,381,700</u> | <u>68</u> | 3310 | Legal reserve | 946,679 | 11 | 946,679 | 10 |
| | | | | | | 3320 | Special reserve | 154,844 | 2 | 15,121 | - |
| | | | | | | | Undistributed earnings (losses to be compensated) | (514,884) | (6) | 440,162 | 5 |
| | | | | | | 3350 | Total retained earnings | <u>586,639</u> | <u>7</u> | <u>1,401,962</u> | <u>15</u> |
| | | | | | | 3300 | Other equity | (312,465) | (4) | (154,844) | (2) |
| | | | | | | 3400 | Total equity | <u>6,639,509</u> | <u>75</u> | <u>7,587,938</u> | <u>80</u> |
| 1XXX | Total assets | <u>\$ 8,837,862</u> | <u>100</u> | <u>\$ 9,427,820</u> | <u>100</u> | 3XXX | Total liabilities and equity | <u>\$ 8,837,862</u> | <u>100</u> | <u>\$ 9,427,820</u> | <u>100</u> |

The accompanying notes are an integral part of the individual financial statements.
(Please refer to the audit report dated March 28, 2024 issued by Deloitte and Touche)

Giga Solar Materials Corporation
Individual comprehensive income statement
January 1 to December 31, 2023 and 2022

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

| Code | | 2023 | | 2022 | |
|------|--|--------------------|---------------|--------------------|---------------|
| | | Amount | % | Amount | % |
| 4000 | Operating revenue (Notes 4, 22 and 30) | \$ 1,905,293 | 100 | \$ 3,003,635 | 100 |
| 5000 | Operating costs (Notes 10, 23 and 30) | <u>1,797,157</u> | <u>94</u> | <u>2,801,798</u> | <u>93</u> |
| 5900 | Operating gross profits | 108,136 | 6 | 201,837 | 7 |
| 5910 | Unrealized profits on sales | (3,116) | - | (2,198) | - |
| 5920 | Realized sales profits | <u>2,198</u> | <u>-</u> | <u>17,751</u> | <u>-</u> |
| 5950 | Realized operating gross profits | <u>107,218</u> | <u>6</u> | <u>217,390</u> | <u>7</u> |
| | Operating expenses (Notes 9, 15, 23 and 30) | | | | |
| 6100 | Marketing expenses | 166,055 | 9 | 140,663 | 5 |
| 6200 | Administration expenses | 111,220 | 6 | 110,184 | 4 |
| 6300 | R&D expenses | 214,559 | 11 | 218,765 | 7 |
| 6450 | Gain on reversal of expected credit impairment | (<u>303</u>) | <u>-</u> | (<u>6,675</u>) | <u>-</u> |
| 6000 | Total | <u>491,531</u> | <u>26</u> | <u>462,937</u> | <u>16</u> |
| 6900 | Net operating losses | (<u>384,313</u>) | (<u>20</u>) | (<u>245,547</u>) | (<u>9</u>) |
| | Non-operating income and expenses | | | | |
| 7100 | Interest income (Notes 4, 23 and 30) | 29,120 | 1 | 4,553 | - |
| 7010 | Other income (Notes 14, 23 and 30) | 32,375 | 2 | 24,586 | 1 |
| 7020 | Other gains and losses (Notes 5, 11, 15, 18, 23, and 30) | (126,787) | (7) | 100,429 | 3 |
| 7050 | Financial costs (Notes 10, 23 and 30) | (19,515) | (1) | (36,177) | (1) |
| 7070 | Share of profits or losses of subsidiaries and associates accounted for using the equity method (Notes 4 and 11) | (<u>341,456</u>) | (<u>18</u>) | (<u>337,489</u>) | (<u>11</u>) |
| 7000 | Total | (<u>426,263</u>) | (<u>23</u>) | (<u>244,098</u>) | (<u>8</u>) |
| 7900 | Net loss before tax | (810,576) | (43) | (489,645) | (17) |
| 7950 | Income tax expense (Notes 4 and 24) | <u>-</u> | <u>-</u> | (<u>5,508</u>) | <u>-</u> |
| 8200 | Net losses for the year | (<u>810,576</u>) | (<u>43</u>) | (<u>495,153</u>) | (<u>17</u>) |

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| Code | | 2023 | | 2022 | |
|------|--|-----------------------|---------------|-----------------------|---------------|
| | | Amount | % | Amount | % |
| | Other comprehensive income | | | | |
| 8310 | Items not to be reclassified as profit or loss: | | | | |
| 8311 | Remeasurement of defined benefit plan | (\$ 5,631) | - | \$ 8,416 | - |
| 8316 | Unrealized gains or losses on investments in equity instruments measured at fair value through other comprehensive income | (133,742) | (7) | (162,512) | (5) |
| 8336 | Unrealized gains or losses on investments in equity instruments by subsidiaries and associates under the equity method measured at fair value through other comprehensive income | 4,392 | - | 1,257 | - |
| 8360 | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences on translation of financial statements of foreign operations | - | - | 19,535 | 1 |
| 8381 | Exchange differences on translation of financial statements of foreign operations of subsidiaries and associates recognized under the equity method | (30,091) | (1) | 5,132 | - |
| 8399 | Income tax related to items that may be reclassified (Note 24) | <u>2,647</u> | <u>-</u> | (<u>2,586</u>) | <u>-</u> |
| 8300 | Other comprehensive income for the year (net after tax) | (<u>162,425</u>) | (<u>8</u>) | (<u>130,758</u>) | (<u>4</u>) |
| 8500 | Total comprehensive income for the year | (<u>\$ 973,001</u>) | (<u>51</u>) | (<u>\$ 625,911</u>) | (<u>21</u>) |
| | Net loss per share (Note 25) | | | | |
| 9750 | Basic | (<u>\$ 8.82</u>) | | (<u>\$ 6.14</u>) | |
| 9850 | Diluted | (<u>\$ 8.82</u>) | | (<u>\$ 6.14</u>) | |

The accompanying notes are an integral part of the individual financial statements.

(Please refer to the audit report dated March 28, 2024 issued by Deloitte and Touche)

Chairman: Chen, Chi-Ming

Manager: Huang, Wen-Jui

Accounting Supervisor: Wang Tsai-Hua

Giga Solar Materials Corporation
Individual statement of changes in shareholders' equity
January 1 to December 31, 2023 and 2022

| | | Units: NTD thousands, unless otherwise stated | | | | | | | | | |
|------|---|---|------------|-------------------|---------------|-----------------|--|-------------------------|---|---|--------------|
| Code | | Capital stock | | Retained earnings | | | | | Other equity | | |
| | | Number of shares (in thousands) | Amount | Capital surplus | Legal reserve | Special reserve | (Losses to be compensated) Unappropriated earnings | Total retained earnings | Exchange differences on translation of financial statements of foreign operations | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | |
| | | | | | | | | | | (\$ | Total equity |
| A1 | Balance as of January 1, 2022 | 75,883 | \$ 758,834 | \$ 3,754,922 | \$ 946,679 | \$ 182,204 | \$ 781,597 | \$ 1,910,480 | (\$ 214,195) | \$ 199,074 | \$ 6,409,115 |
| D1 | Net losses for 2022 | - | - | - | - | - | (495,153) | (495,153) | - | - | (495,153) |
| D3 | Other comprehensive income for 2022 | - | - | - | - | - | 8,416 | 8,416 | 22,081 | (161,255) | (130,758) |
| D5 | Total comprehensive income for 2022 | - | - | - | - | - | (486,737) | (486,737) | 22,081 | (161,255) | (625,911) |
| B17 | Reversal of special reserve | - | - | - | - | (167,083) | 167,083 | - | - | - | - |
| C7 | Changes in associates accounted for using the equity method | - | - | (69) | - | - | - | - | - | - | (69) |
| E1 | Cash capital increase | 16,000 | 160,000 | 1,680,000 | - | - | - | - | - | - | 1,840,000 |
| M5 | Differences between equity price and carrying amount arising from acquisition or disposal of subsidiaries | - | - | (2,023) | - | - | - | - | - | - | (2,023) |
| M7 | Changes in ownership interest in subsidiaries | - | - | (43,662) | - | - | (22,457) | (22,457) | 127 | - | (65,992) |
| N1 | Share-based payments | - | - | 25,138 | - | - | - | - | - | - | 25,138 |
| N1 | Subsidiary share based payment | - | - | 7,680 | - | - | - | - | - | - | 7,680 |
| Q1 | Disposal of equity instruments at fair value through other comprehensive income | - | - | - | - | - | 676 | 676 | - | (676) | - |
| Z1 | Balance as of December 31, 2022 | 91,883 | 918,834 | 5,421,986 | 946,679 | 15,121 | 440,162 | 1,401,962 | (191,987) | 37,143 | 7,587,938 |
| B3 | Special reserve | - | - | - | - | 139,723 | (139,723) | - | - | - | - |
| D1 | Net losses for 2023 | - | - | - | - | - | (810,576) | (810,576) | - | - | (810,576) |
| D3 | Other comprehensive income for 2023 | - | - | - | - | - | (5,631) | (5,631) | (27,444) | (129,350) | (162,425) |
| D5 | Total comprehensive income for 2023 | - | - | - | - | - | (816,207) | (816,207) | (27,444) | (129,350) | (973,001) |
| C7 | Changes in associates accounted for using the equity method | - | - | 13,510 | - | - | - | - | - | - | 13,510 |
| M5 | Differences between equity price and carrying amount arising from acquisition or disposal of subsidiaries | - | - | (4,117) | - | - | - | - | (104) | - | (4,221) |
| M7 | Changes in ownership interest in subsidiaries | - | - | 7,059 | - | - | - | - | 161 | - | 7,220 |
| N1 | Subsidiary share based payment | - | - | 8,063 | - | - | - | - | - | - | 8,063 |
| Q1 | Disposal of equity instruments at fair value through other comprehensive income | - | - | - | - | - | 884 | 884 | - | (884) | - |
| Z1 | Balance as of December 31, 2023 | 91,883 | \$ 918,834 | \$ 5,446,501 | \$ 946,679 | \$ 154,844 | (\$ 514,884) | \$ 586,639 | (\$ 219,374) | (\$ 93,091) | \$ 6,639,509 |

The accompanying notes are an integral part of the individual financial statements.
(Please refer to the audit report dated March 28, 2024 issued by Deloitte and Touche)

Chairman: Chen, Chi-Ming

Manager: Huang, Wen-Jui

Accounting Supervisor: Wang Tsai-Hua

Giga Solar Materials Corporation
Individual cash flow statement
January 1 to December 31, 2023 and 2022

| | | Unit: NTD thousand | |
|--------|---|--------------------|----------------|
| Code | | 2023 | 2022 |
| | Cash flow from operating activities: | | |
| A10000 | Net loss before tax | (\$ 810,576) | (\$ 489,645) |
| A20010 | Income and expense items that do not affect cash flows | | |
| A20100 | Depreciation expense | 96,521 | 81,965 |
| A20200 | Amortization expenses | 449 | 282 |
| A20300 | Gain on reversal of expected credit impairment | (303) | (6,675) |
| A20400 | Net gain on financial assets and liabilities at fair value through profit or loss | (693) | (10,886) |
| A20900 | Financial costs | 19,515 | 36,177 |
| A21200 | Interest income | (29,120) | (4,553) |
| A21300 | Dividend income | (12,718) | (1,823) |
| A21900 | Share-based remuneration costs | 1,264 | 26,970 |
| A22400 | Share of subsidiaries and associates accounted for using the equity method | 341,456 | 337,489 |
| A22500 | Net gain from disposal of property, plant and equipment | (844) | - |
| A23700 | Impairment loss on non-financial assets | 140,648 | - |
| A23800 | Gain on reversal of loss on decline in value of inventories | (1,471) | (6,760) |
| A23900 | Realized gains with subsidiaries and associates | 918 | (15,553) |
| A24100 | Unrealized foreign currency exchange gain | (26,129) | (97,384) |
| A29900 | Leasehold modification gain | (2,823) | - |
| A29900 | Gain on disposal of investment | (20,939) | - |
| A29900 | Loss on disposal of subsidiaries | - | 6,590 |
| A30000 | Net change in operating assets and liabilities: | | |
| A31130 | Notes receivables | (184) | 1,275 |
| A31150 | Accounts receivables, net | 86,333 | 115,561 |
| A31160 | Accounts receivable – related party | 54,675 | 307,900 |
| A31180 | Other receivables | (4,046) | 2,720 |
| A31190 | Other receivables – related party | (98,427) | 429,272 |
| A31200 | Inventories | 28,817 | 76,067 |
| A31230 | Prepayments | (11,646) | (25,955) |
| A31240 | Other current assets | 22,682 | 236 |
| A32130 | Notes payable | (4,315) | 1,962 |
| A32150 | Accounts payable | 42,799 | 153,084 |
| A32160 | Accounts payable – related party | (1,580) | 912 |
| A32180 | Other payables | (124) | (23,091) |
| A32190 | Other payables – related party | (383) | (1,328) |
| A32230 | Other current liabilities | (3,007) | 2,238 |
| A32240 | Net defined benefit liabilities | (430) | (491) |
| A33000 | Cash arising from operations | (193,681) | 896,556 |
| A33100 | Interests received | 26,660 | 3,412 |
| A33300 | Interests paid | (18,816) | (32,952) |
| A33500 | Income tax received (paid) | 7,808 | (5,938) |
| AAAA | Net cash inflow (outflow) from investment activities | (178,029) | 861,078 |

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| Code | | 2023 | 2022 |
|--------|---|--------------------|---------------------|
| | Cash flow from investment activities: | | |
| B00010 | Acquisition of financial assets measured at fair value through other comprehensive income | (\$ 99,984) | (\$ 83,496) |
| B00020 | Disposal of financial assets measured at fair value through other comprehensive income | 8,339 | - |
| B00100 | Acquisition of Financial assets at fair value through profit or loss | - | (1,015) |
| B00200 | Disposal of Financial assets at fair value through profit or loss | - | 16,622 |
| B01900 | Disposal of investment accounted for using the equity method | 41,313 | - |
| B02300 | Capital for shares repatriated by subsidiary | - | 18,975 |
| B02700 | Acquisition of property, plant and equipment | (119,749) | (938,620) |
| B02800 | Disposal of property, plant and equipment | 1,839 | - |
| B03800 | Decrease in refundable deposits | 29 | 35 |
| B04500 | Acquisition of intangible assets | (1,143) | (395) |
| B06600 | Increase in other financial assets | (220,178) | (91) |
| B06700 | Decrease (increase) in other non-current assets | (448) | 74,646 |
| B07600 | Dividends received | <u>12,718</u> | <u>4,679</u> |
| BBBB | Net cash outflow from investment activities | (<u>377,264</u>) | (<u>908,660</u>) |
| | Cash flow from financing activities: | | |
| C00200 | Increase (decrease) in short-term borrowings | 180,845 | (1,338,420) |
| C01300 | Repayment of corporate bonds | (339,406) | - |
| C01600 | Borrowing of long-term loans | 580,000 | - |
| C01700 | Repayment of long-term loans | (142,857) | (125,000) |
| C03000 | Increase in deposits received | - | 1,000 |
| C03100 | Decease in deposits received | (1,000) | - |
| C04020 | Repayment of lease liability principal | (20,476) | (30,431) |
| C04600 | Cash capital increase | - | 1,840,000 |
| C05400 | Acquisition of equity in subsidiaries | (<u>131,444</u>) | (<u>650,977</u>) |
| CCCC | Net cash inflow (outflow) from financing activities | <u>125,662</u> | (<u>303,828</u>) |
| DDDD | Effect of exchange rate changes on cash and cash equivalents | <u>2,794</u> | <u>103,967</u> |
| EEEE | Net decrease in cash and cash equivalents | (426,837) | (247,443) |
| E00100 | Balance of cash and cash equivalents at the beginning of the year | <u>1,208,590</u> | <u>1,456,033</u> |
| E00200 | Balance of cash and cash equivalents at the end of the year | <u>\$ 781,753</u> | <u>\$ 1,208,590</u> |

The accompanying notes are an integral part of the individual financial statements.

(Please refer to the audit report dated March 28, 2024 issued by Deloitte and Touche)

Chairman: Chen, Chi-Ming

Manager: Huang, Wen-Jui

Accounting Supervisor: Wang Tsai-Hua

Giga Solar Materials Corporation
Notes to individual financial statements
January 1 to December 31, 2023 and 2022
(Units: NTD thousands, unless otherwise stated)

1. Company History

Giga Solar Materials Corporation (hereinafter referred to as “the Company”) was incorporated in Hsinchu Science Park with the approval of the Ministry of Economic Affairs on July 11, 2003. In December 2011, it established an STSP Branch in the Southern Taiwan Science Park (STSP). In March 2017, the STSP Branch was abolished. It mainly engages in the research and development (R&D), manufacturing, and sales of solar conductive plasma. The Company’s stock has been traded on Taipei Exchange since November 18, 2010.

The individual financial statements are presented in NTD, the functional currency of the Company.

2. Date and Procedures for Approval of individual Financial Statements

The individual financial statements were approved by the board meeting on March 28, 2024.

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 Financial Supervisory Commission and applicable in 2024.

| New/Revised/Amended Standards and Interpretations | Effective date of IASB publication (Note 1) |
|---|---|
| Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback” | January 1, 2024 (Note 2) |
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | January 1, 2024 |
| Amendments to IAS 1 “Non-current Liabilities with Covenants” | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements" | January 1, 2024 (Note 3) |

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: The seller and lessee shall apply the amendments to IFRS 16 retrospectively to the sale and leaseback carried out after the date of initial application of IFRS 16.

Note 3: When this amendment is first implemented, certain disclosure requirements shall be exempted.

1. Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (amendments in 2020) and Amendments to IAS 1 “Non-current Liabilities with Covenants” (amendments in 2022)

The amendments in 2020 aims to clarify whether a liability is classified as non-current; the Company should assess whether it has the right to defer settlement of liabilities 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 in 2020 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 amendments in 2022 further clarify that only the terms of the contracts to be observed before the end of the reporting period affect the classification of liabilities. Although the terms of the contracts to be observed within 12 months after the reporting period do not affect the classification of liabilities, relevant information shall be disclosed to enable users of financial reports to understand the risk that the Company may not be able to comply with the terms of the contracts and shall make repayments within 12 months after the reporting period.

The amendment in 2020 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 Consolidated 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.

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

| <u>New/Revised/Amended Standards and Interpretations</u> | <u>Effective date of IASB publication (Note 1)</u> |
|--|--|
| 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 |
| Amendments to IAS 21 “Lack of Convertibility” | January 1, 2025 (Note 2) |

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: For annual reporting periods beginning after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the consolidated Company uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

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.

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 individual financial statements are approved and released, and will make appropriate disclosure after the evaluation.

4. Summary of Significant Accounting Policies

(1) Compliance Statement

The individual 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 individual 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 individual 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 and associates using the equity method,” “share of other comprehensive income of subsidiaries and associates using the equity method” and related equity items.

(3) Standards in differentiating current and non-current 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

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 non-current assets or liabilities.

(4) Business merger

Business merger is accounted for by the acquisition method. Acquisition-related costs are recognized as expenses in the year in which the costs are incurred and the labor services are obtained.

Goodwill is measured as the aggregate of the fair value of the transfer consideration and the fair value of the acquirer’s previously held equity interest in the acquiree at the acquisition date over the net amount of the identifiable assets acquired and liabilities assumed at the date acquisition date.

If the measurement of the identifiable assets acquired and liabilities assumed as a result of a business merger is not yet complete, a provisional amount is recognized at the balance sheet date, and retroactive adjustments or additional assets or liabilities

are recognized in the measurement period to reflect new information obtained about facts and circumstances existing at the date of acquisition.

(5) Foreign currencies

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.

(6) 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.

(7) Investments in subsidiaries

The Company adopts the equity method for investment in subsidiaries.

A subsidiary is an 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 individual financial statements. Gains or losses from upstream and side-stream transactions with subsidiaries are recognized in the individual financial statements only to the extent that they are not related to the Company's equity interest in the subsidiary.

(8) Investment in affiliates

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.

The Company adopts the equity method for investment in associates.

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

The excess of the acquisition cost over the Consolidated Company's share of the net fair value of the identifiable assets and liabilities of the associates 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 Consolidated Company's share of the net fair value of the identifiable assets and liabilities of the associates at the acquisition date over the acquisition cost is recorded as gain or loss for the period.

If the Company does not subscribe for new shares of an associate in proportion to its shareholding, resulting in a change in the Consolidated Company's shareholding and an increase or decrease in the net equity of the investment, the increase or decrease is adjusted to capital surplus – change in net worth in associates and joint ventures accounted for using the equity method and investments accounted for using the equity method. However, if the ownership interest in an associate is reduced as a result of subscription or acquisition without proportionate shareholding, the amount recognized in other comprehensive income related to the associate is reclassified in proportion to the reduction on the same basis as that required for the direct disposal of the related assets or liabilities of the associate; if the former

adjustment is charged to capital surplus and the balance of capital surplus from investments accounted for using the equity method is insufficient, the difference is charged to retained earnings.

When the Company's share of losses in an associate equals or exceeds its equity interest in the associate (including the carrying amount of the associate under the equity method and other long-term equity interests that are in substance a component of the Company's net investment in the associate), the Company shall cease to recognize further losses. The Company recognizes additional losses and liabilities only to the extent that legal obligations, constructive obligations or payments on behalf of associates have been incurred.

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.

The Company ceases to adopt the equity method from the date its investment ceases to be an associate, and its retained equity interest in the associate is measured at fair value. The difference between the fair value and the disposal price and the carrying amount of the investment on the date of cessation of the equity method is recognized in profit or loss for the period. In addition, all amounts recognized in other comprehensive income related to the associate are accounted for on the same basis as if the Consolidated Company had directly disposed of the associate's related assets or liabilities. If an investment in associates becomes a joint venture or an investment in joint venture becomes an investment in associates, the Company continues to use the equity method without remeasuring the retained equity interest.

Gains or losses from upstream, downstream and side-stream transactions with associates are recognized in the individual financial statements only to the extent that they are not related to the Company's equity interest in the associates.

(9) 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.

(10) 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.

(11) Goodwill

Goodwill acquired through a business merger is measured at cost based on the amount of goodwill recognized on the acquisition date and subsequently measured at cost less accumulated impairment.

For purposes of impairment tests, goodwill is allocated to each cash-generating unit or group of cash-generating units from which the Company expects to benefit as a result of the merger.

The cash-generating units to which goodwill is allocated are tested annually (and whenever there is an indication that the units may be impaired) for impairment by comparing the carrying amount of the units that contain goodwill with their recoverable amounts. If goodwill allocated to a cash-generating unit arises from a business merger during the year, the unit should be tested for impairment before the end of the year. If the recoverable amount of a cash-generating unit to which goodwill is allocated is less than its carrying amount, the impairment loss is calculated by first reducing the carrying amount of the allocated goodwill of the cash-generating unit and then reducing the carrying amount of each asset in proportion to the carrying amount of the other assets in the unit. Any impairment loss is recognized directly as loss for the period. Impairment losses attributable to goodwill must not be reversed in subsequent periods.

Upon disposal of an operation within a cash-generating unit to which goodwill is allocated, the amount of goodwill associated with the disposed operation is included in the carrying amount of the operation to determine the disposal gain or loss.

(12) 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. Acquired through business merger

Intangible assets acquired through business merger are recognized at fair value at the acquisition date and separately from goodwill, and are subsequently measured in the same manner as intangible assets acquired separately.

3. 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.

(13) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets (excluding goodwill)

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.

(14) 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 individual 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 29 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.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amount of cash with minimal risk of changes in value within twelve months from the acquisition date and are used to meet short-term cash commitments.

- 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

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

An allowance is recognized for losses on accounts receivable 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 or 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 Company's equity instruments repurchased are recognized and deducted under equity, and the carrying amounts are calculated using the weighted average method based on the stock types. 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.

4. Convertible corporate bonds

The compound financial instruments (convertible corporate bonds) issued by the Company are classified as financial liabilities and equity respectively in the original recognition according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

In the original recognition, the fair value of the liability is estimated according to the prevailing market interest rate of a similar non-convertible instrument; also, it is measured at the amortized cost that is calculated according to the effective interest method before the conversion or maturity date. The liability of an embedded non-equity derivative is measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the fair value of the compound instrument as a whole less the fair value of the separately determined liability component, which is recognized in equity net of the income tax effect and is not subsequently measured. When the conversion right is exercised, its related liability component and the amount in equity will be transferred to capital stock and capital surplus – issue premium. If the conversion right of convertible corporate bonds has not been exercised on the maturity date, the amount recognized in equity will be transferred to capital surplus – issue premium.

Transaction costs related to the issuance of convertible bonds are allocated to the liability (included in the carrying amount of the liability) and the equity component (included in equity) of the instrument in proportion to the total allocation price.

The components of conversion rights contained in convertible bonds issued by the Company are classified as derivative financial liabilities if the conversion rights are not settled by exchanging a fixed amount of cash or other financial assets for a fixed number of the Company's own equity instruments.

On initial recognition, the derivative portion of convertible bonds is measured at fair value, and the original carrying amount of the non-derivative portion of financial liabilities is the balance after separation of embedded derivatives. In subsequent periods, non-derivative financial liabilities are measured at amortized cost using the effective interest method and derivative financial liabilities are measured at fair value with changes in fair value recognized in profit or loss. Transaction costs related to the issuance of convertible bonds are allocated to the non-derivative financial liability portion of the instrument (included in the carrying amount of the liability) and the derivative financial liability portion (included in profit or loss) in proportion to their relative fair values.

(15) Hedging instruments

The Company uses precious metal borrowing contracts for fair value hedge.

Changes in the fair value of hedging instruments designated and qualifying as fair value hedge and changes in the fair value of the hedged item attributable to the risk being hedged are recognized immediately in profit or loss and are recognized in

the individual comprehensive income statement under the line item relating to the hedged item.

The Company defers the cessation of hedge accounting only when the hedging relationship no longer meets the requirements for hedge accounting, including when the hedging instrument has expired, been sold, unbundled by contract or exercised.

(16) 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.

(17) Revenue recognition

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 (solar conductive plasma products are the main ones).

The credit period for goods sold by the Company is 30 to 180 days. For most contracts, the accounts receivable are recognized when the control of the goods is transferred and there is the right to unconditionally receive the consideration. Such accounts receivable are usually short term and have no significant financial components.

(18) Leases

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 individual 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 individual balance sheet.

(19) Government grants

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.

(20) 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.

(21) Share-based payment agreement

1. Employee stock options and shares with restricted employee rights granted to the Company's employees from subsidiaries

The employee stock options and restricted stock awards granted by subsidiaries to the employees of the Company are considered as distributions to the Company, measured at the fair value of the equity instruments at the grant date, and recognized as expenses over the vesting period, with a corresponding adjustment to the carrying amount of the investment in the subsidiary.

2. 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.

(22) Income tax

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

1. Current income tax

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 income 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, associates, 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.

Estimations, and Main Sources of Assumption Uncertainties

(1) Impairment of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs to complete the production and the estimated costs to complete the sale, which are based on current market conditions and historical sales experience of similar products. Changes in market conditions may materially affect the results of these estimates.

(2) Impairment of Investments in associates

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

(3) Estimate of goodwill impairment

In determining whether goodwill is impaired, the value in use of the cash-generating unit to which goodwill is allocated is estimated. For value-in-use calculations, management should estimate the future cash flows expected to be generated from the cash-generating units and determine the appropriate discount rate to be used in the present value calculation. If actual cash flows are less than expected, a significant impairment loss may occur.

6. Cash and cash equivalents

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------------|--------------------------|--------------------------|
| Cash on hand and petty cash | \$ 562 | \$ 387 |
| Demand deposits in banks | 504,846 | 683,943 |
| Cash equivalents | | |
| Time deposits in banks | <u>276,345</u> | <u>524,260</u> |
| | <u>\$ 781,753</u> | <u>\$ 1,208,590</u> |

7. Financial assets at fair value through profit or loss

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| <u>Financial assets – non-current</u> | | |
| Mandatorily measured at fair value through profit or loss | | |
| Non-derivative financial assets | | |
| - Funds | <u>\$ 34,253</u> | <u>\$ 33,560</u> |

The Company's financial assets at fair value through profit or loss are not provided as guarantee.

8. Financial assets measured at fair value through other comprehensive income

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|---------------------------------------|-----------------------------------|
| Investment in equity instruments – non-current | | |
| TWSE-/TPEX-listed stocks | | |
| TSEC CORPORATION | \$ - | \$ 3,472 |
| Stocks listed on emerging stock market | | |
| Long Time Tech. Co., Ltd. | 256,160 | 256,160 |
| Unlisted stocks | | |
| Foresight Energy Technology | 96,000 | - |
| Yusheng Energy Co., Ltd. | 60,000 | 60,000 |
| Big Sun Energy Technology Inc. | 5,625 | 5,625 |
| Adjustments to the valuation of financial assets at fair value through other comprehensive income | (<u>98,739</u>) <u>\$319,046</u> | <u>35,886</u> <u>\$361,143</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.

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

In March 2022, the Company participated in the cash capital increase of ACRO Biomedical Co., Ltd. and acquired 4,000,000 ordinary shares, and also purchased 1,000 shares from the open market, with a total investment amount of NT\$80,024 thousand. As this is a long-term strategic investment, it has been designated as a financial asset measured at fair value through other comprehensive income.

The Company has served as a corporate director of ACRO Biomedical Co. Ltd. since June 24, 2022, it has gained a significant influence on the latter, so said investment is accounted for using the equity method.

In July 2021 and August 2023, the Company participated in the cash capital increase by TSEC CORPORATION and acquired 131 thousand and 147 thousand shares in the amount of NT\$3,472 thousand and NT\$3,984 thousand, respectively.

In August 2023, the Company participated in the cash capital increase of Foresight Energy Technology and acquired 3,200,000 ordinary shares, with an investment amount of NT\$96,000 thousand. As this is a long-term strategic investment, it has been designated as a financial asset measured at fair value through other comprehensive income.

Due to its investment strategy, the Company sold and derecognized certain investments in equity instruments at fair value through other comprehensive income. The Information related to the derecognition during 2023 and 2022 is as follows.

| | 2023 | 2022 |
|---|----------|-----------|
| Fair value at the date of derecognition. | \$ 8,339 | \$ 80,700 |
| Accumulated gain on disposal of retained earnings transferred from other equity | (884) | (676) |

9. Notes receivable, accounts receivable and other receivables

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| <u>Notes receivables</u> | | |
| Measured at amortized cost | | |
| Total book value | \$ 318 | \$ 134 |
| Less: allowance for loss | <u>-</u> | <u>-</u> |
| | <u>\$ 318</u> | <u>\$ 134</u> |
| <u>Accounts receivables</u> | | |
| Measured at amortized cost | | |
| Total book value | \$ 524,823 | \$ 607,206 |
| Less: allowance for loss | (173,156) | (173,497) |
| | <u>\$ 351,667</u> | <u>\$ 433,709</u> |
| <u>Accounts receivable – related party</u> | | |
| Measured at amortized cost | | |
| Total book value | \$ 131,397 | \$ 172,363 |
| Less: allowance for loss | (38) | <u>-</u> |
| | <u>\$ 131,359</u> | <u>\$ 172,363</u> |
| <u>Other receivables</u> | | |
| Tax refund receivable | \$ 20,685 | \$ 18,060 |
| Other receivables – other | 23,447 | 19,467 |
| Less: allowance for loss | (17,949) | (17,949) |
| | 26,183 | 19,578 |
| Other receivables – related party | <u>697,614</u> | <u>593,232</u> |
| | <u>\$ 723,797</u> | <u>\$ 612,810</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 180 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. Accounts receivable are classified into groups by considering the credit rating of counterparties, regions and industries, and a reserve matrix is used to measure the allowance for loss.

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, 2023

| | Not past due | 1–60 days past due | 61–120 days past due | Over 121 days past due | Total |
|---|-------------------|--------------------|----------------------|------------------------|-------------------|
| Expected credit impairment loss | - | 0%~0.86% | - | 100% | |
| Total book value | \$ 469,488 | \$ 11,734 | \$ 2,178 | \$ 173,138 | \$ 656,538 |
| Allowance for loss (expected credit loss during the life) | - | (56) | - | (173,138) | (173,194) |
| Amortized cost | <u>\$ 469,488</u> | <u>\$ 11,678</u> | <u>\$ 2,178</u> | <u>\$ -</u> | <u>\$ 483,344</u> |

December 31, 2022

| | Not past due | 1–60 days past due | 61–120 days past due | Over 121 days past due | Total |
|---|-------------------|--------------------|----------------------|------------------------|-------------------|
| Expected credit impairment loss | 0%~1% | 0%~1% | - | 15%~100% | |
| Total book value | \$ 488,628 | \$ 73,560 | \$ 44,373 | \$ 173,142 | \$ 779,703 |
| Allowance for loss (expected credit loss during the life) | (56) | (302) | - | (173,139) | (173,497) |
| Amortized cost | <u>\$ 488,572</u> | <u>\$ 73,258</u> | <u>\$ 44,373</u> | <u>\$ 3</u> | <u>\$ 606,206</u> |

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

| | 2023 | 2022 |
|---------------------------------------|------------------|------------------|
| Balance at the beginning of the year | \$173,497 | \$177,841 |
| Reversal impairment loss for the year | (303) | (6,675) |
| Recovery of bad debts written off | - | 2,331 |
| Balance at the end of the year | <u>\$173,194</u> | <u>\$173,497</u> |

The changes in the allowance for loss as of December 31, 2023 and 2022 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.

10. Inventories

| | December 31, 2023 | December 31, 2022 |
|----------------------|-------------------|-------------------|
| Raw materials (Note) | \$694,937 | \$521,035 |
| Work in process | 12,668 | 10,011 |
| Finished goods | 8,725 | 36,830 |
| Merchandise | 3 | - |
| Total | <u>\$716,333</u> | <u>\$567,876</u> |

Note: As of December 31, 2023 and 2022, the valuation gains (losses) of the borrowed silver ingots were NT\$(12,239 thousand and NT\$11,020 thousand, respectively.

The costs of sales related to inventories in 2023 and 2022 were NT\$1,797,157 thousand and NT\$2,801,798 thousand, respectively. Costs of sales include the gain on

inventory valuation recovery) of NT\$1,471 thousand and NT\$6,760 thousand. 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.

The Company has a contract with a raw material supplier to borrow silver ingots for production, which is repayable in kind within one year plus interest. As of December 31, 2023 and 2022, the Company had NT\$615,782 thousand and NT\$439,979 thousand, respectively, of silver ingots borrowed and outstanding, which were recorded under inventory and financial liabilities (for hedging), respectively, and interest expense was appropriately estimated.

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

11. Investment using the equity method

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------------|--------------------------|--------------------------|
| Investments in subsidiaries | \$ 2,857,469 | \$ 3,036,968 |
| Investment in affiliate | <u>328,176</u> | <u>510,735</u> |
| | <u>\$ 3,185,645</u> | <u>\$ 3,547,703</u> |

(1) Investments in subsidiaries

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Whole Sun Green Power Co., Ltd. | \$ 1,509,483 | \$ 1,468,705 |
| Giga Solar Materials Corporation (Mauritius) | 811,996 | 890,893 |
| Hua Hsu Silicon Materials Co., Ltd. (Note 1) | 382,079 | 370,688 |
| Green Energy Electrode, Inc. (Note 2) | 157,027 | 308,880 |
| Unrealized profits on sales | (<u>3,116</u>) | (<u>2,198</u>) |
| | <u>\$ 2,857,469</u> | <u>\$ 3,036,968</u> |

| <u>Company name</u> | <u>Business nature</u> | <u>Main Business Location</u> | <u>Shareholding percentage</u> | |
|---|---|-----------------------------------|------------------------------------|------------------------------|
| | | | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
| Whole Sun Green Power Co., Ltd. | Solar Energy Related Business | Hukou Township, Hsinchu County | 100.00% | 100.00% |
| Giga Solar Materials Corporation (Mauritius) | Investor | Mauritius | 100.00% | 100.00% |
| Hua Hsu Silicon Materials Co., Ltd. | Manufacturing of metal wire products, manufacturing of electronic components, trading and other related businesses | Xitun District, Taichung | 34.03% | 34.23% |
| Green Energy Electrode Inc. | Manufacturing and trading of energy materials | Hukou Township, Hsinchu County | 52.81% | 52.81% |

Note 1: Hua Hsu Silicon Materials Co., Ltd., on June 17, 2022, resolved a decision to issue 2,000,000 shares of restricted stock awards. The record date for the capital increase was July 31, 2022. After the issuance, the Company's shareholding decreased from 34.69% to 34.01%. The Company purchased a total of 222 thousand shares and 375 thousand shares in Hua Hsu Silicon Materials Co., Ltd. between October 2022 to December 2023, resulting in an increase in its shareholding from 34.01% to 34.23%, and from 34.23% to 34.59%. In addition, Hua Hsu Silicon Materials Co., Ltd. resolved to conduct a cash capital increase in its board of directors meeting on May 2, 2023, with the record date set as June 29, 2023. After the capital increase, the Company's shareholding ratio decreased from 34.59% to 34.00%. Hua Hsu Silicon Materials Co., Ltd. resolved to recall and cancel 122,000 restricted shares of employee stock in its board of directors meeting on August 9, 2023, with the capital reduction record date set as August 10, 2023. After the capital reduction, the Company's shareholding ratio increased from 34.00% to 34.03%.

Note 2: The board of directors of Green Energy Electrode Inc., on October 4, 2022, resolved a decision to issue 10,000 thousand new shares for cash capital increase at NT\$36 per share. The capital increase record date was November 23, 2022. After the issuance, the Company's shareholding increased from 48.39% to 52.81%.

Note 3: Investments in subsidiaries are presented as "investments using the equity method" in the individual financial statements, with necessary valuation adjustments made.

Note 4: The subsidiaries of the Company have been included in the consolidated entities for the preparation of consolidated financial statements in accordance with regulations.

Note 5: No collateral was provided for the above investments in subsidiaries.

(2) Investment in affiliates

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------------------------------|--------------------------|--------------------------|
| Associates of no materiality | | |
| Tron Energy Technology Corporation | \$260,035 | \$432,523 |
| ACRO Biomedical Co. Ltd. | <u>68,141</u> | <u>78,212</u> |
| | <u>\$328,176</u> | <u>\$510,735</u> |

| Company name | Business nature | Main Business Location | Percentage of ownership interests and voting rights held | |
|------------------------------------|---|------------------------|--|-------------------|
| | | | December 31, 2023 | December 31, 2022 |
| Tron Energy Technology Corporation | Electric buses, diesel buses/battery systems/energy storage systems | Taoyuan City | 10.40% | 10.40% |
| ACRO Biomedical Co. Ltd. | Manufacturing and wholesale of medical devices | Kaohsiung City | 4.74% | 7.81% |

Due to the provision of important technical information and serving as a director of Tron Energy Technology Corporation, the Company has gained significant impact on Tron Energy Technology Corporation. The goodwill of the company acquired is NT\$293,538 thousand, which is the cost of investing in affiliated enterprises.

The Company invested in the stock in ACRO Biomedical Co. Ltd. in March 2022 and estimated to make profits through long-term investment. Initially, the Consolidated Company elected to designate the investment as at fair value through other comprehensive income, but because the Company has served as a corporate director of ACRO Biomedical Co., Ltd. since June 24, 2022 and, thus, gained significant influence on the company. Therefore, the former adopted the equity method to account for the investment.

The Company sold a total of 1,101 thousand shares in ACRO Biomedical Co. Ltd. from July to December 2023, resulting in a decrease in its shareholding from 7.81% to 4.74%.

In 2023, the Company assessed the investment in its associate, Tron Energy Technology Corporation, which is accounted for using the equity method. The Company's management has performed an impairment test on this investment, comparing its carrying amount to the recoverable amount. The recoverable amount of this investment was measured based on its value in use. The value in use was calculated based on the estimated cash flows generated from the associate's operations and the cash flows from the ultimate disposal of the investment, discounted at an annual rate of 14.7% to determine the present value of the Company's share. Based on the evaluation, as the recoverable amount was less than the carrying amount, an impairment loss of NT\$127,504 thousand was recognized.

This impairment loss has been included in the other gains and losses section of the individual statement of comprehensive income.

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:

| | 2023 | 2022 |
|--|-------------|-------------|
| Net losses from continuing operations for the year | (\$ 48,100) | (\$ 27,439) |
| Other comprehensive income | (17) | 286 |
| Total comprehensive income | (\$ 48,117) | (\$ 27,153) |

No collateral was provided for the above investments in associates.

12. Property, plant and equipment

| | December 31, 2023 | December 31, 2022 |
|---------------------------|---------------------|---------------------|
| Self-use | \$ 1,211,049 | \$ 1,172,182 |
| Operating lease lease-out | 6,065 | 15,697 |
| | <u>\$ 1,217,114</u> | <u>\$ 1,187,879</u> |

(1) Self-use

| | Land | Houses and buildings | Machinery equipment | Office equipment | R&D equipment | Miscellaneous equipment | Unfinished construction | Total |
|--|-------------------|----------------------|---------------------|------------------|-------------------|-------------------------|-------------------------|---------------------|
| <u>Costs</u> | | | | | | | | |
| Balance on January 1, 2023 | \$ 922,106 | \$ 213,772 | \$ 228,284 | \$ 4,464 | \$ 303,485 | \$ 23,732 | \$ - | \$ 1,695,843 |
| Additions | - | 14,926 | 8,688 | 4,591 | 2,800 | 1,303 | - | 32,308 |
| Disposal | - | (6,973) | (41,475) | (225) | (87,207) | (6,066) | - | (141,946) |
| Transfer | - | 9,063 | (782) | - | 782 | - | - | 9,063 |
| Other changes | - | 31,077 | 34,812 | - | 5,123 | 2,371 | - | 73,383 |
| Balance as of December 31, 2023 | <u>\$ 922,106</u> | <u>\$ 261,865</u> | <u>\$ 229,527</u> | <u>\$ 8,830</u> | <u>\$ 224,983</u> | <u>\$ 21,340</u> | <u>\$ -</u> | <u>\$ 1,668,651</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | | | |
| Balance on January 1, 2023 | \$ - | \$ 59,903 | \$ 167,551 | \$ 2,406 | \$ 274,239 | \$ 19,562 | \$ - | \$ 523,661 |
| Depreciation expense | - | 36,136 | 22,832 | 1,046 | 13,031 | 1,406 | - | 74,451 |
| Disposal | - | (6,235) | (41,474) | (225) | (86,951) | (6,066) | - | (140,951) |
| Transfer | - | 441 | (422) | - | 422 | - | - | 441 |
| Balance as of December 31, 2023 | <u>\$ -</u> | <u>\$ 90,245</u> | <u>\$ 148,487</u> | <u>\$ 3,227</u> | <u>\$ 200,741</u> | <u>\$ 14,902</u> | <u>\$ -</u> | <u>\$ 457,602</u> |
| Net as of December 31, 2023 | <u>\$ 922,106</u> | <u>\$ 171,620</u> | <u>\$ 81,040</u> | <u>\$ 5,603</u> | <u>\$ 24,242</u> | <u>\$ 6,438</u> | <u>\$ -</u> | <u>\$ 1,211,049</u> |
| <u>Costs</u> | | | | | | | | |
| Balance as of January 1, 2022 | \$ 144,521 | \$ 105,536 | \$ 183,987 | \$ 2,369 | \$ 293,238 | \$ 20,460 | \$ 80,000 | \$ 830,111 |
| Additions | 697,585 | 75,312 | 4,940 | 2,095 | 289 | 1,868 | - | 782,089 |
| Disposal | - | - | (355) | - | (683) | (180) | - | (1,218) |
| Transfer | 80,000 | - | (3,689) | - | 3,689 | - | (80,000) | - |
| Other changes | - | 32,924 | 43,401 | - | 6,952 | 1,584 | - | 84,861 |
| Balance as of December 31, 2022 | <u>\$ 922,106</u> | <u>\$ 213,772</u> | <u>\$ 228,284</u> | <u>\$ 4,464</u> | <u>\$ 303,485</u> | <u>\$ 23,732</u> | <u>\$ -</u> | <u>\$ 1,695,843</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | | | |
| Balance as of January 1, 2022 | \$ - | \$ 44,639 | \$ 153,144 | \$ 2,121 | \$ 257,357 | \$ 18,630 | \$ - | \$ 475,891 |
| Depreciation expense | - | 15,264 | 14,525 | 285 | 17,802 | 1,112 | - | 48,988 |
| Disposal | - | - | (355) | - | (683) | (180) | - | (1,218) |
| Transfer | - | - | 237 | - | (237) | - | - | - |
| Balance as of December 31, 2022 | <u>\$ -</u> | <u>\$ 59,903</u> | <u>\$ 167,551</u> | <u>\$ 2,406</u> | <u>\$ 274,239</u> | <u>\$ 19,562</u> | <u>\$ -</u> | <u>\$ 523,661</u> |
| Net amount as of December 31, 2022 | <u>\$ 922,106</u> | <u>\$ 153,869</u> | <u>\$ 60,733</u> | <u>\$ 2,058</u> | <u>\$ 29,246</u> | <u>\$ 4,170</u> | <u>\$ -</u> | <u>\$ 1,172,182</u> |

No impairment loss was recognized or reversed during 2023 and 2022.

Please refer to Note 31 for the amount of land and plant buildings the Company set as collateral for borrowings.

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

| | |
|---|---------------|
| Buildings | 5 to 37 years |
| Plant buildings and auxiliary equipment | 3 to 10 years |
| Machinery equipment | 1 to 6 years |
| Office equipment | 1 to 6 years |
| R&D equipment | 1 to 6 years |
| Miscellaneous equipment | 3 to 16 years |

(2) Operating lease lease-out

| | <u>Houses and buildings</u> |
|------------------------------------|-----------------------------|
| <u>Costs</u> | |
| Balance on January 1, 2023 | \$ 21,445 |
| Transfer | (9,063) |
| Balance as of December 31, 2023 | <u>\$ 12,382</u> |
| <u>Accumulated depreciation</u> | |
| Balance on January 1, 2023 | \$ 5,748 |
| Depreciation expense | 1,010 |
| Transfer | (441) |
| Balance as of December 31, 2023 | <u>\$ 6,317</u> |
| Net as of December 31, 2023 | <u>\$ 6,065</u> |
| <u>Costs</u> | |
| Balance as of January 1, 2022 | \$ 12,382 |
| Additions | <u>9,063</u> |
| Balance as of December 31, 2022 | <u>\$ 21,445</u> |
| <u>Accumulated depreciation</u> | |
| Balance as of January 1, 2022 | \$ 4,296 |
| Depreciation expense | <u>1,452</u> |
| Balance as of December 31, 2022 | <u>\$ 5,748</u> |
| Net amount as of December 31, 2022 | <u>\$ 15,697</u> |

The total amount of lease payments to be received in the future for leasing out self-owned buildings under operating leases is as follows:

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------|--------------------------|--------------------------|
| Year 1 | \$ 3,724 | \$ 4,054 |
| Year 2 | 3,613 | 4,054 |
| Year 3 | 3,613 | 4,062 |
| Year 4 | 3,613 | 4,076 |
| Year 5 | 3,613 | 4,076 |
| Over 5 years | <u>10,840</u> | <u>11,635</u> |
| | <u>\$ 29,016</u> | <u>\$ 31,957</u> |

The buildings leased out by the Company under operating leases are depreciated over the useful life of 12 years.

13. Lease agreements

(1) Right-of-use assets

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Book value of right-of-use assets | | |
| Buildings | \$ 51,788 | \$167,780 |
| Transportation equipment | <u>231</u> | <u>370</u> |
| | <u>\$ 52,019</u> | <u>\$168,150</u> |
| | <u>2023</u> | <u>2022</u> |
| Addition of right-of-use assets | <u>\$ -</u> | <u>\$ 416</u> |
| Depreciation expense of right-of-use assets | | |
| Buildings | \$ 20,101 | \$ 30,556 |
| Transportation equipment | <u>139</u> | <u>150</u> |
| | <u>\$ 20,240</u> | <u>\$ 30,706</u> |

(2) Lease liabilities

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------------------------|--------------------------|--------------------------|
| Book value of lease liabilities | | |
| Current | <u>\$ 14,134</u> | <u>\$ 30,848</u> |
| Non-current | <u>\$ 28,941</u> | <u>\$131,417</u> |

The discount rate range for lease liabilities is as follows:

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------------|--------------------------|--------------------------|
| Buildings | 1.35% | 1.35%~1.5% |
| Transportation equipment | 1.47% | 1.47% |

(3) Important 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 leases

Please refer to Notes 12 and 14 for the Company's agreements on lease-out of its property, plant and equipment and investment property under operating leases.

| | 2023 | 2022 |
|--------------------------------|-----------|-----------|
| Short-term lease expense | \$ 9,564 | \$ 2,556 |
| Total cash outflow from leases | \$ 31,365 | \$ 35,589 |

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

14. 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 | Buildings | Total |
|------------------------------------|-------------------|------------------|-------------------|
| <u>Costs</u> | | | |
| Balance on January 1, 2023 | \$ 302,278 | \$ 12,495 | \$ 314,773 |
| Additions | - | - | - |
| December 31, 2023 | <u>\$ 302,278</u> | <u>\$ 12,495</u> | <u>\$ 314,773</u> |
| <u>Accumulated depreciation</u> | | | |
| Balance on January 1, 2023 | \$ - | \$ 1,092 | \$ 1,092 |
| Depreciation expense | - | 820 | 820 |
| Balance as of December 31, 2023 | <u>\$ -</u> | <u>\$ 1,912</u> | <u>\$ 1,912</u> |
| Net as of December 31, 2023 | <u>\$ 302,278</u> | <u>\$ 10,583</u> | <u>\$ 312,861</u> |
| <u>Costs</u> | | | |
| Balance as of January 1, 2022 | \$ 302,278 | \$ 12,495 | \$ 314,773 |
| Additions | - | - | - |
| December 31, 2022 | <u>\$ 302,278</u> | <u>\$ 12,495</u> | <u>\$ 314,773</u> |
| <u>Accumulated depreciation</u> | | | |
| Balance as of January 1, 2022 | \$ - | \$ 273 | \$ 273 |
| Depreciation expense | - | 819 | 819 |
| Balance as of December 31, 2022 | <u>\$ -</u> | <u>\$ 1,092</u> | <u>\$ 1,092</u> |
| Net amount as of December 31, 2022 | <u>\$ 302,278</u> | <u>\$ 11,403</u> | <u>\$ 313,681</u> |

| | 2023 | 2022 |
|--|-----------------|-----------------|
| Rental income from investment property | <u>\$ 8,213</u> | <u>\$ 7,810</u> |

The land and plant buildings purchased by the Company are located in Xiehe Section, Xitun District, Taichung City, and are to be used by subsidiary Hua Hsu Silicon Materials Co., Ltd. for operations and production.

No investment property of the Company was provided as collateral.

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 fair values of investment properties held by the Company were NT\$353,567 thousand and NT\$344,758 thousand as of December 31, 2023 and 2022, respectively. There was no significant change in the disclosed fair values on balance sheet date. The aforementioned fair values were determined by using the cash flow analysis method; the main input used was the discount rate; and the main inputs used and their quantitative information are as follows:

| | December 31, 2023 | December 31, 2022 |
|---------------|-------------------|-------------------|
| Discount rate | 1.45% | 1.47% |

15. Intangible assets

| | December 31, 2023 | December 31, 2022 |
|-------------------|-------------------|-------------------|
| Goodwill | \$263,559 | \$276,703 |
| Computer software | <u>1,150</u> | <u>456</u> |
| | <u>\$264,709</u> | <u>\$277,159</u> |

| | Goodwill | Computer software | Total |
|--|-------------------|-------------------|-------------------|
| <u>Costs</u> | | | |
| Balance on January 1, 2023 | \$ 276,703 | \$ 2,138 | \$ 278,841 |
| Acquired separately | <u>-</u> | <u>1,143</u> | <u>1,143</u> |
| Balance as of December 31, 2023 | <u>\$ 276,703</u> | <u>\$ 3,281</u> | <u>\$ 279,984</u> |
| <u>Accumulated amortization and impairment</u> | | | |
| Balance on January 1, 2023 | \$ - | \$ 1,682 | \$ 1,682 |
| Amortization expenses | - | 449 | 449 |
| Recognized impairment losses | <u>13,144</u> | <u>-</u> | <u>13,144</u> |
| Balance as of December 31, 2023 | <u>\$ 13,144</u> | <u>\$ 2,131</u> | <u>\$ 15,275</u> |
| Net as of December 31, 2023 | <u>\$ 263,559</u> | <u>\$ 1,150</u> | <u>\$ 264,709</u> |

| | <u>Goodwill</u> | <u>Computer software</u> | <u>Total</u> |
|--|-------------------|------------------------------|-------------------|
| <u>Costs</u> | | | |
| Balance as of January 1, 2022 | \$ 276,703 | \$ 1,743 | \$ 278,446 |
| Acquired separately | <u>-</u> | <u>395</u> | <u>395</u> |
| Balance as of December 31, 2022 | <u>\$ 276,703</u> | <u>\$ 2,138</u> | <u>\$ 278,841</u> |
| <u>Accumulated amortization and impairment</u> | | | |
| Balance as of January 1, 2022 | \$ - | \$ 1,400 | \$ 1,400 |
| Amortization expenses | <u>-</u> | <u>282</u> | <u>282</u> |
| Balance as of December 31, 2022 | <u>\$ -</u> | <u>\$ 1,682</u> | <u>\$ 1,682</u> |
| Net amount as of December 31, 2022 | <u>\$ 276,703</u> | <u>\$ 456</u> | <u>\$ 277,159</u> |

Summary of amortization by function.

| | <u>2023</u> | <u>2022</u> |
|-------------------------|---------------|---------------|
| Administration expenses | <u>\$ 449</u> | <u>\$ 282</u> |

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

| | |
|-------------------|---------|
| Computer software | 3 years |
|-------------------|---------|

In accordance with IAS 36, the Consolidated Company's goodwill of NT\$276,703 thousand arising from the acquisition of EXOJET TECHNOLOGY CORPORATION in 2020 shall be tested for impairment at least annually.

In 2023, the Company evaluated the recoverable amount based on the value in use, and it was less than the carrying amount. Therefore, the Company recognized an impairment loss on goodwill of NT\$13,144 thousand under other gains and losses, and the remaining goodwill balance after the recognition came in at NT\$263,559 thousand.

The calculation of the value in use is based on the five-year financial projections approved by the management. The projected cash flows consider the order growth rate and the market growth scale. The weighted average revenue growth rate is consistent with the industry report's forecasts. The budgeted gross profit margin is determined based on the standard gross margin and production volume. A pre-tax discount rate of 13.4% has been used, which reflects the specific risks of the relevant operating divisions.

16. Prepayments and other assets

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------|--------------------------|--------------------------|
| Long-term prepaid expenses | \$267,125 | \$288,900 |
| Prepayments for equipment | 80,929 | 81,404 |
| Tax overpaid retained | 14,632 | 5,292 |
| Prepaid expenses | 4,447 | 2,407 |
| Refundable deposits | 3,613 | 3,642 |
| Temporary debits | 2,576 | 3,035 |
| Others | <u>1,059</u> | <u>793</u> |
| | <u>\$374,381</u> | <u>\$385,473</u> |
| Current | \$ 44,937 | \$ 33,750 |
| Non-current | <u>329,444</u> | <u>351,723</u> |
| | <u>\$374,381</u> | <u>\$385,473</u> |

17. Borrowings

(1) Short-term borrowings

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------------------------------|--------------------------|--------------------------|
| <u>Unsecured borrowings</u> | | |
| Line of credit borrowings | \$200,000 | \$100,000 |
| Related party borrowings (Note 30) | <u>80,364</u> | <u>-</u> |
| | <u>\$280,364</u> | <u>\$100,000</u> |

The effective annual interest rates of the above short-term borrowings as of December 31, 2023 and 2022 ranged from 1.83% to 2.50% and 1.56% to 2.09%, respectively.

(2) Long-term borrowings

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| <u>Secured borrowings</u> | | |
| Medium- and long-term bank borrowings (Note 1) | \$843,393 | \$406,250 |
| Portion due within one year | <u>(49,107)</u> | <u>(142,857)</u> |
| | <u>\$794,286</u> | <u>\$263,393</u> |

Note 1: The maturity date of the above-mentioned medium and long-term borrowings is to be repaid in batches before the end of June 2038. As of December 31, 2023 and 2022, the interest rates were 1.70% to 1.84%, and 1.50% to 1.65%, respectively.

Note 2: For the Company' collateral for long-term borrowings, please refer to Note 31.

18. Corporate bonds payable

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Domestic unsecured convertible bonds | \$ - | \$339,700 |
| Less: Discount on corporate bonds payable | - | (294) |
| Less: portion classified as due within one year | - | (339,406) |
| | <u>\$ -</u> | <u>\$ -</u> |

On January 25, 2018, the Company issued its 2nd domestic secured convertible bonds with the following major terms:

- (1) Face value: NT\$100 thousand
- (2) Issuing price: 100%
- (3) Total face value of issue: NT\$2,000,000 thousand.
- (4) Coupon Rate 0%
- (5) Bond period: 5 years (January 25, 2018 through January 25, 2023).
- (6) Repayment method: Except for early conversion or reverse repurchase by bondholders or early redemption by the Company, the Company will repay the bonds in cash at the face value of the bonds upon maturity.
- (7) Redemption right of the corporate bonds: If the closing price of the Company's ordinary shares exceeds the prevailing conversion price by 30% (inclusive) or more for 30 consecutive business days from the day after the first month of issuance until the 40th day after the end of the issuance period, or if the outstanding balance of the bonds is less than 10% of the original issue amount, the Company may redeem the outstanding bonds at face value in cash.
- (8) Redemption right of bondholders: The benchmark date for the redemption of the convertible corporate bonds by bondholders is three years after the issuance (January 25, 2021). Bondholders can request the Company to redeem 103.80% of the face value of the bonds in cash, and request the Taipei Exchange via letter to announce the exercise of the redemption right of the convertible corporate bondholders 30 days before the benchmark date for the redemption (December 26, 2020).
- (9) Conversion:
 1. Bondholders may, from the day after the expiration of one month after the issuance date to 10 days before the expiration date, apply to the Company for

conversion into its ordinary shares in accordance with the provisions of relevant laws and regulations. As of December 31, 2023, bondholders have requested the conversion of a total of one lot of corporate bonds with a face value of NT\$100 thousand, and requested the conversion into 432 ordinary shares of the Company. The capital increase benchmark date was May 14, 2021, and the change registration was completed on June 11, 2021.

2. Conversion price: The conversion price at issuance was set at NT\$253.31 per share.
3. Adjustment to conversion price
 - (1) After the issuance of corporate bonds, the conversion price shall be adjusted when the number of issued (or private placement) ordinary shares of the Company increases (including, but not limited to, rights shares, capital increase from earnings, capital increase from capital surplus, issuance of new shares for merger or for acquiring shares of other companies, stock split and rights shares to sponsor the issuance of overseas depositary receipts, by way of subscription or private placement), except for the conversion of ordinary shares by issuing various marketable securities with conversion options of ordinary shares.
 - (2) If the ratio of cash dividends to the current price per share exceeds 1.5%, the conversion price shall be reduced by the ratio of the current price per share on the ex-dividend date after the bonds are issued.
 - (3) If, after the issuance of this convertible bond, the Company reissues (or private placement) various securities with conversion or subscription rights to ordinary shares at a conversion or subscription price lower than the current price per share, the Company shall adjust the conversion price.
 - (4) After the issuance of the convertible bonds, the Company shall adjust the conversion price in the event of a reduction in the number of shares of common stock due to a capital reduction other than the retirement of treasury stock.
4. Giga Solar Materials Corporation repurchased or redeemed corporate bonds on the open market according to the market price or by executing the put option of the bondholders. As of December 31, 2023, a total of 20,000 corporate bond certificates were repurchased or redeemed, with a face value of NT\$2,000,000

thousand. Giga Solar Materials Corporation apportioned the repurchase or redemption price to the liability component and the equity component and apportioned the difference between the amount of the liability component and its book value.

19. Other payables

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------------------------------|--------------------------|--------------------------|
| Salaries and bonuses payable | \$ 45,835 | \$ 40,569 |
| Payable on machinery and equipment | 8,315 | 22,848 |
| Premiums payable | 10,235 | 10,237 |
| Others | <u>35,889</u> | <u>40,578</u> |
| | <u>\$100,274</u> | <u>\$114,232</u> |

20. 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 individual balance sheets are shown below:

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Present value of defined benefit obligations | \$ 33,037 | \$ 26,998 |
| Fair value of plan assets | (<u>10,192</u>) | (<u>9,354</u>) |
| Net defined benefit liabilities | <u>\$ 22,845</u> | <u>\$ 17,644</u> |

The changes in net defined benefit liabilities are as follows:

| | <u>Present value of defined benefit obligations</u> | <u>Fair value of plan assets</u> | <u>Net defined benefit liabilities</u> |
|--|---|--------------------------------------|--|
| January 1, 2022 | <u>\$ 34,563</u> | <u>(\$ 8,012)</u> | <u>\$ 26,551</u> |
| Financial costs | | | |
| Interest expense (income) | <u>284</u> | <u>(66)</u> | <u>218</u> |
| Recognized in profit or loss | <u>284</u> | <u>(66)</u> | <u>218</u> |
| Remeasurement | | | |
| Actuarial (gains) losses | | | |
| - Actuarial gains and losses from changes in demographic assumptions | 1 | - | 1 |
| -- Changes in financial assumptions | (7,960) | - | (7,960) |
| - Adjustments through experiences | 110 | - | 110 |
| - Remeasurement of defined benefit assets | <u>-</u> | <u>(567)</u> | <u>(567)</u> |
| Recognized in other comprehensive income | <u>(7,849)</u> | <u>(567)</u> | <u>(8,416)</u> |
| Employer appropriation | <u>-</u> | <u>(709)</u> | <u>(709)</u> |
| December 31, 2022 | <u>26,998</u> | <u>(9,354)</u> | <u>17,644</u> |
| Financial costs | | | |
| Interest expense (income) | <u>389</u> | <u>(135)</u> | <u>254</u> |
| Recognized in profit or loss | <u>389</u> | <u>(135)</u> | <u>254</u> |

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| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liabilities |
|--|--|------------------------------|------------------------------------|
| Remeasurement | | | |
| Actuarial (gains) losses | | | |
| - Actuarial gains and losses from changes in demographic assumptions | 59 | - | 59 |
| - Changes in financial assumptions | 5,007 | - | 5,007 |
| - Adjustments through experiences | 584 | - | 584 |
| - Remeasurement of defined benefit assets | <u>-</u> | <u>(19)</u> | <u>(19)</u> |
| Recognized in other comprehensive income | <u>5,650</u> | <u>(19)</u> | <u>5,631</u> |
| Employer appropriation | <u>-</u> | <u>(684)</u> | <u>(684)</u> |
| December 31, 2023 | <u>\$ 33,037</u> | <u>(\$ 10,192)</u> | <u>\$ 22,845</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, 2023</u> | <u>December 31, 2022</u> |
|----------------------------------|--------------------------|--------------------------|
| Discount rate | 1.33% | 1.44% |
| Expected rate of salary increase | 3.00% | 2.00% |

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, 2023</u> | <u>December 31, 2022</u> |
|----------------------------------|--------------------------|--------------------------|
| Discount rate | | |
| Increase by 0.5% | <u>(\$ 2,389)</u> | <u>(\$ 1,925)</u> |
| Decrease by 0.5% | <u>\$ 2,603</u> | <u>\$ 2,246</u> |
| Expected rate of salary increase | | |
| Increase by 0.5% | <u>\$ 2,547</u> | <u>\$ 2,222</u> |
| Decrease by 0.5% | <u>(\$ 2,363)</u> | <u>(\$ 1,924)</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, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Amount expected to be appropriated within 1 year | <u>\$ 684</u> | <u>\$ 708</u> |
| Average duration to maturity of defined benefit obligation | 15 years | 15 years |

21. Equity

(1) Capital stock

1. Ordinary shares

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Authorized number of shares (in thousands) | <u>150,000</u> | <u>100,000</u> |
| Authorized capital stock | <u>\$ 1,500,000</u> | <u>\$ 1,000,000</u> |
| Number of shares issued and fully paid (in thousands) | <u>91,883</u> | <u>91,883</u> |
| Ordinary shares publicly offered | \$ 791,974 | \$ 791,974 |
| Ordinary shares in private placement | <u>126,860</u> | <u>126,860</u> |
| Capital stock issued | <u>\$ 918,834</u> | <u>\$ 918,834</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 May 13, 2022, the Company's board of directors approved by resolution the issuance of no more than 16,000,000 new shares for a capital increase, with a par value of NT\$10 per share, and the Company reserved 15% of the total number of new shares issued for subscription by employees and provided 10% of the new shares for public underwriting by public subscription. This capital increase plan took effect on July 21, 2022 as approved by the competent authority. The capital for the shares has all been received and the registration of the change was completed on October 3, 2022.

The securities in the above private placement should not be resold to other parties except for the transferees specified in the Securities and Exchange Act within three years from the date of delivery.

In accordance with the Securities and Exchange Act, the Company's ordinary shares in the private placement above are subject to the restriction on circulation and transfer and can only be listed on Taipei Exchange after three years from the delivery date with the retroactive procedures for public offering completed. The rights and obligations of the ordinary shares in the private placement are the same as those of the Company's ordinary shares issued.

(2) Capital surplus

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| <u>For loss compensation,</u> | | |
| <u>payment in cash or</u> | | |
| <u>capitalization as equity (1)</u> | | |
| Stock issuance premium | \$ 4,889,701 | \$ 4,889,701 |
| Invalid employee stock options | 5,988 | 5,988 |
| Common stock premium – options | 25,879 | 25,879 |
| Corporate bond conversion premium | \$ 59,721 | \$ 59,721 |
| Treasury share transactions | 315,134 | 315,134 |
| Differences between equity price and carrying amount arising from actual acquisition or disposal of subsidiaries | 75,434 | 79,551 |
| Expiration of corporate bond options | 20,364 | - |

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| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| <u>Only for loss compensation</u> | | |
| Recognition of changes in ownership interest in subsidiaries (2) | 15,122 | - |
| Changes in net equity of associates accounted for using the equity method | 39,158 | 25,648 |
| <u>Not for any purpose</u> | | |
| Corporate bond options | <u>-</u> | <u>20,364</u> |
| | <u>\$ 5,446,501</u> | <u>\$ 5,421,986</u> |

1. Such capital surplus may be used to compensate 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.
- (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 shareholder's bonus shall not be less than 30%.

The Company is currently growing. As a means to keep in line with the capital planning and meet the shareholders' demand for cash flow, the percentage of cash dividends paid for the year may not be less than 10% of the total amount of cash and stock dividends.

Please refer to Note 23(7) Employee and director remuneration 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.

The Company specified 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 profit plus items other than the after-tax net profit of the current period will be added into the undistributed surplus of the current period for the allocation.

The earnings distribution proposals for 2022 and 2021 approved at the general shareholders' meeting of the Company on June 9, 2023 and June 9, 2022 are as follows:

| | 2022 | 2021 |
|---|--------------------|-------------------|
| Unappropriated earnings at the beginning of the year | \$ 948,680 | \$ 1,119,295 |
| Remeasurement of defined benefit plan | 8,416 | 2,276 |
| Net losses for the year | (495,153) | (375,458) |
| Disposal of equity instruments at fair value through other comprehensive income | 676 | 35,484 |
| Recognition of changes in ownership interest in subsidiaries | (22,457) | - |
| Reversal (appropriation) of special reserve in accordance with the law | (<u>139,723</u>) | <u>167,083</u> |
| Unappropriated earnings at the end of the year | <u>\$ 300,439</u> | <u>\$ 948,680</u> |

The loss compensation proposal for 2023 as proposed by the board meeting on March 28, 2024 is as follows:

| | 2023 |
|---|----------------|
| Unappropriated earnings at the beginning of the year | \$300,439 |
| Remeasurement of defined benefit plan | (5,631) |
| Net losses for 2023 | (810,576) |
| Disposal of equity instruments at fair value through other comprehensive income | 884 |
| Loss compensation from legal reserve | <u>514,884</u> |
| Unappropriated earnings at the end of the year | <u>\$ -</u> |

The loss compensation proposal for 2023 is pending the resolution of the shareholders' meeting scheduled to be held on June 7, 2024.

At the end of 2023, the Company's loss to be compensated exceeded 1/2 of the paid-in capital. According to Article 211 of the Company Act, the Board of Directors shall report at the next shareholders' meeting. Report of the Company's shareholders' meeting expected to be held on June 7, 2024.

(4) Other equity items

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

| | <u>2023</u> | <u>2022</u> |
|--|--------------------|--------------------|
| Balance at the beginning of the year | (\$191,987) | (\$214,195) |
| Generated in the year | | |
| Translation differences on translation of foreign operations | - | 10,359 |
| Share of subsidiaries and associates accounted for using the equity method | (28,229) | 5,132 |
| Reclassification | | |
| Share of disposal of associates accounted for using the equity method | (74) | - |
| Share of disposal of subsidiary under the equity method | - | 6,590 |
| Others | 859 | - |
| Acquisition of partial interest in a subsidiary | (104) | - |
| Changes in ownership interest in subsidiaries | <u>161</u> | <u>127</u> |
| Balance at the end of the year | <u>(\$219,374)</u> | <u>(\$191,987)</u> |

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

| | 2023 | 2022 |
|---|--------------|------------|
| Balance at the beginning of the year | \$ 37,143 | \$199,074 |
| Generated in the year | | |
| Unrealized gain or loss | | |
| Equity instruments | (133,742) | (162,512) |
| Share of subsidiaries and associates accounted for using the equity method | 4,392 | 1,257 |
| Transfer of accumulated gain or loss on disposal of equity instruments to retained earnings | (884) | (676) |
| Balance at the end of the year | (\$ 93,091) | \$ 37,143 |

22. Revenue

(1) Description of Customer Contract

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

| | 2023 | 2022 |
|---------------------------------|---------------------|---------------------|
| Revenue from customer contracts | | |
| Merchandise sales revenues | <u>\$ 1,905,293</u> | <u>\$ 3,003,635</u> |

(2) Breakdown of revenue from customer contracts

| Product type | 2023 | 2022 |
|------------------------|---------------------|---------------------|
| Revenues from sales of | | |
| conductive paste | \$ 1,767,904 | \$ 2,856,879 |
| Others | <u>137,389</u> | <u>146,756</u> |
| | <u>\$ 1,905,293</u> | <u>\$ 3,003,635</u> |

23. Net losses from continuing operations

(1) Interest income

| | 2023 | 2022 |
|-----------------------|------------------|-----------------|
| Bank deposits | \$ 25,383 | \$ 4,170 |
| Other interest income | <u>3,737</u> | <u>383</u> |
| | <u>\$ 29,120</u> | <u>\$ 4,553</u> |

(2) Other income

| | 2023 | 2022 |
|-------------------------------|------------------|------------------|
| Rental income | | |
| Investment property (Note 14) | \$ 8,213 | \$ 7,810 |
| Others | 4,625 | 9,968 |
| Dividend income | 12,718 | 1,823 |
| Others | 6,819 | 4,985 |
| | <u>\$ 32,375</u> | <u>\$ 24,586</u> |

(3) Other gains and losses

| | 2023 | 2022 |
|---|---------------------|------------------|
| Gain on disposal of investment | \$ 20,939 | \$ - |
| Leasehold modification gain | 2,823 | - |
| Net gain from disposal of property, plant and equipment | 844 | - |
| Net gain on financial assets and liabilities at fair value through profit or loss | 693 | 10,886 |
| Loss on disposal of subsidiaries | - | (6,590) |
| Net foreign currency exchange gain (loss) | (11,145) | 96,133 |
| Impairment loss on non-financial assets | (140,648) | - |
| Miscellaneous expenses | (293) | - |
| | <u>(\$126,787)</u> | <u>\$100,429</u> |

(4) Financial costs

| | 2023 | 2022 |
|--|------------------|------------------|
| Interest on Bank Borrowings | \$ 11,232 | \$ 20,051 |
| Interest on borrowed silver ingots | 6,438 | 9,159 |
| Interest on lease liabilities | 1,325 | 2,602 |
| Interest on borrowings from related parties | 498 | - |
| Amortization of discount on corporate bonds payable | - | 4,348 |
| Others | 22 | 17 |
| | <u>\$ 19,515</u> | <u>\$ 36,177</u> |

(5) Depreciation and amortization

| | 2023 | 2022 |
|--|------------------|------------------|
| Summary of depreciation by function | | |
| Operating costs | \$ 57,211 | \$ 43,723 |
| Operating expenses | 39,310 | 38,242 |
| | <u>\$ 96,521</u> | <u>\$ 81,965</u> |
| Summary of amortization by function | | |
| Operating expenses | \$ 449 | \$ 282 |

(6) Employee benefit expenses

| | 2023 | 2022 |
|---------------------------------|------------------|------------------|
| Short-term employee benefits | \$198,996 | \$194,963 |
| Post-employment benefits | | |
| Defined contribution plan | 8,024 | 7,682 |
| Defined benefit plan | 254 | 218 |
| Share-based payments | | |
| Settlement of interests | 1,264 | 26,970 |
| Other employee benefits | <u>9,773</u> | <u>10,368</u> |
| Total employee benefit expenses | <u>\$218,311</u> | <u>\$240,201</u> |
| Summary by function. | | |
| Operating costs | \$ 59,633 | \$ 61,933 |
| Operating expenses | <u>158,678</u> | <u>178,268</u> |
| | <u>\$218,311</u> | <u>\$240,201</u> |

(7) Remuneration for employees and directors

According to the Articles of Incorporation, if the Company makes a profit for a year, it should first provide not less than 6% and not greater than 15% of the profit as employee remuneration and no greater than 3% as director remuneration. However, accumulated losses, if any, of the Company shall first be deducted and distribution shall be made from the remaining balance.

In 2023, no remuneration for employees and directors was estimated due to a loss.

If there is a change in the amount of the individual 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.

In 2022 and 2021, no remuneration for employees and directors was estimated due to a loss.

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.

24. Income taxes from continuing operations

(1) Income tax recognized in profit or loss

The major components of income tax expense are as follows:

| | <u>2023</u> | <u>2022</u> |
|---|-------------|---------------------|
| Current income tax | | |
| Generated in the year | \$ - | \$ - |
| Adjustments for prior years | <u>-</u> | (<u>5,661</u>) |
| | - | (5,661) |
| Deferred tax | | |
| Generated in the year | <u>-</u> | <u>153</u> |
| Income tax recognized in profit or loss | <u>\$ -</u> | (<u>\$ 5,508</u>) |

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

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| Net losses before tax from continuing operations | (<u>\$810,576</u>) | (<u>\$489,645</u>) |
| Income tax benefit of net loss before tax calculated at the statutory tax rate | \$ 162,115 | \$ 97,929 |
| Non-deductible expenses due to tax purposes | (68,152) | (66,594) |
| Tax exempted income | - | 404 |
| Unrecognized loss carryforwards and deductible temporary differences | (93,963) | (31,586) |
| Adjustments to current income tax expenses of previous years | <u>-</u> | (<u>5,661</u>) |
| | <u>\$ -</u> | (<u>\$ 5,508</u>) |

(2) Income tax recognized in other comprehensive income

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|-----------------|---------------------|
| Deferred tax | | |
| Translation of foreign operations | <u>\$ 2,647</u> | (<u>\$ 2,586</u>) |

(3) Current income tax assets and liabilities

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------------|--------------------------|--------------------------|
| <u>Current income tax assets</u> | | |
| Tax refund receivable | <u>\$ 9,080</u> | <u>\$ 16,888</u> |

(4) Deferred tax assets and liabilities

The changes in deferred tax assets were as follows:

| | Balance at the beginning of the year | Recognized in profit or loss | Recognized in other comprehensive income | Balance at the end of the year |
|--|--|---------------------------------|---|-----------------------------------|
| <u>2023</u> | | | | |
| Temporary difference | | | | |
| Impairment of bond investments without active markets | \$ 17,644 | \$ - | \$ - | \$ 17,644 |
| Fair value adjustments resulting from business merger | 695 | - | - | 695 |
| Allowance for decline in value of inventories and slow moving losses | 2,596 | (294) | - | 2,302 |
| Impairment losses | - | 28,130 | - | 28,130 |
| Unrealized exchange gain and loss | - | 3,453 | - | 3,453 |
| Allowance for doubtful accounts | 35,572 | 996 | - | 36,568 |
| Exchange differences on translation of financial statements of foreign operations | 18,422 | - | 2,647 | 21,069 |
| Unused tax losses | <u>49,946</u> | (<u>32,285</u>) | <u>-</u> | <u>17,661</u> |
| Deferred income tax gains | | <u>\$ -</u> | <u>\$ 2,647</u> | |
| Deferred tax assets, net | <u>\$ 124,875</u> | | | <u>\$ 127,522</u> |
| Information expressed in the balance sheet is as follows. | | | | |
| Deferred tax assets | <u>\$ 124,875</u> | | | <u>\$ 127,522</u> |
| <u>2022</u> | | | | |
| Temporary difference | | | | |
| Impairment of bond investments without active markets | \$ 17,644 | \$ - | \$ - | \$ 17,644 |
| Unrealized inter-company transactions between entities | 3,550 | (3,550) | - | - |
| Fair value adjustments resulting from business merger | 695 | - | - | 695 |
| Net defined benefit liabilities – non-current | (153) | 153 | - | - |
| Allowance for decline in value of inventories and slow moving losses | 3,948 | (1,352) | - | 2,596 |
| Unrealized exchange gain and loss | 6,063 | (6,063) | - | - |
| Allowance for doubtful accounts | 35,257 | 315 | - | 35,572 |
| Exchange differences on translation of financial statements of foreign operations | 21,008 | - | (2,586) | 18,422 |
| Unused tax losses | 32,274 | 17,672 | - | 49,946 |
| Investment tax credit | <u>7,022</u> | (<u>7,022</u>) | <u>-</u> | <u>-</u> |
| Deferred income tax (expense) income | | <u>\$ 153</u> | (<u>\$ 2,586</u>) | |
| Deferred tax assets, net | <u>\$ 127,308</u> | | | <u>\$ 124,875</u> |
| Information expressed in the balance sheet is as follows. | | | | |
| Deferred tax assets | <u>\$ 127,461</u> | | | <u>\$ 124,875</u> |
| Deferred tax liabilities | <u>\$ 153</u> | | | <u>\$ -</u> |

- (5) Deductible temporary differences and unused loss carryforwards for deferred tax assets not recognized in individual balance sheets

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------|--------------------------|--------------------------|
| Loss carryforwards | | |
| Expires in 2031 | \$153,948 | \$183,445 |
| Expires in 2032 | 298,003 | 330,637 |
| Expires in 2033 | <u>286,865</u> | <u>-</u> |
| | <u>\$738,816</u> | <u>\$514,082</u> |

- (6) Total amount of temporary differences related to investments for which no deferred income tax liabilities were recognized

No deferred tax liability has been recognized for the income tax payable on the unappropriated earnings of foreign subsidiaries that may arise upon their repatriation. The Company has decided not to distribute the unappropriated earnings of its subsidiaries in the foreseeable future. As of December 31, 2023 and 2022, the amount of taxable temporary differences not recognized as deferred tax liabilities was NT\$28,007 thousand and NT\$37,057 thousand, respectively.

- (7) The status of income tax assessment

The Company's income tax returns have been assessed by the tax authorities up to 2021.

25. Net loss per share

| | | Unit: NTD per share |
|------------------------|--------------------|---------------------|
| | <u>2023</u> | <u>2022</u> |
| Basic loss per share | (<u>\$ 8.82</u>) | (<u>\$ 6.14</u>) |
| Diluted loss per share | (<u>\$ 8.82</u>) | (<u>\$ 6.14</u>) |

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

Net losses for the year

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Net losses used to calculate basic and diluted loss per share | (<u>\$810,576</u>) | (<u>\$495,153</u>) |

| <u>Number of shares:</u> | | Thousand shares |
|--|---------------|-----------------|
| | <u>2023</u> | <u>2022</u> |
| Weighted-average number of ordinary shares used in the calculation of basic loss per share | 91,883 | 80,662 |
| Impact of potential ordinary shares with dilutive effect: | | |
| Remuneration for employees | <u>-</u> | <u>-</u> |
| Weighted-average number of ordinary shares used in the calculation of diluted loss per share | <u>91,883</u> | <u>80,662</u> |

If the Company may choose to pay employees' remuneration in shares or cash, when calculating the diluted 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 loss per share. The dilutive effect of these potential ordinary shares will also continue to be considered in the calculation of diluted loss per share before the resolution on the number of shares awarded to employees in the following year.

26. Share-based payment agreement

(1) Employee stock options program

On December 16, 2021, Hua Hsu Silicon Materials Co., Ltd. decided to issue rights shares through the resolution of the board meeting, and reserved 15% of the total amount of new shares to be subscribed by the Company and its employees. After being granted the employee stock option certificates, the certificate holders may immediately exercise the share subscription in accordance with the regulations on the issuance and subscription of employee stock option certificates, and the date of grant was January 24, 2022.

For the above Black-Scholes valuation model for the employee stock options granted, the inputs used in the valuation model were as follows:

| | <u>January 2022</u> |
|-------------------------------------|---------------------|
| Share price on the grant date | NT\$22.62 |
| Exercise price | NT\$20.00 |
| Expected volatility | 3.85% |
| Duration | 0.17 years |
| Expected rate of dividend | - |
| Risk-free interest rate | 1.1833% |
| Fair value of stock options granted | NT\$2.62 |

In the Black Scholes valuation model, the expected volatility is the share price in the sample range of the most recent period equivalent to the expected duration of the stock option, and is estimated by the standard deviation of the stock return in that period.

From January 1 to December 31, 2022, the Company recognized remuneration costs of NT\$812 thousand for the subsidiary's employee stock options program.

On May 13, 2022, the Company decided to issue rights shares through the resolution of the board meeting, and reserved 15% of the total amount of new shares to be subscribed by employees. After being granted the employee stock option certificates, the certificate holders may immediately exercise the share subscription in accordance with the regulations on the issuance and subscription of employee stock option certificates, and the date of grant was September 7, 2022.

For the above Black-Scholes valuation model for the employee stock options granted, the inputs used in the valuation model were as follows:

| | <u>September 2022</u> |
|-------------------------------------|-----------------------|
| Share price on the grant date | NT\$128.5 |
| Exercise price | NT\$115 |
| Expected volatility | 3% |
| Duration | 0.18 years |
| Expected rate of dividend | - |
| Risk-free interest rate | 1.4% |
| Fair value of stock options granted | NT\$13.6 |

In the Black Scholes valuation model, the expected volatility is the share price in the sample range of the most recent period equivalent to the expected duration of the stock option, and is estimated by the standard deviation of the stock return in that period.

From January 1 to December 31, 2022, the Company recognized remuneration costs of NT\$25,138 thousand for the employee stock options program.

On May 2, 2023, Hua Hsu Silicon Materials Co., Ltd. decided to issue rights shares through the resolution of the board meeting, and reserved 10% of the total amount of new shares to be subscribed by employees. After being granted the employee stock option certificates, the certificate holders may immediately exercise the share subscription in accordance with the regulations on the issuance and subscription of employee stock option certificates, and the date of grant was June 1, 2023.

For the above Black-Scholes valuation model for the employee stock options granted, the inputs used in the valuation model were as follows:

| | June 2023 |
|-------------------------------------|------------|
| Share price on the grant date | NT\$20.11 |
| Exercise price | NT\$20.00 |
| Expected volatility | 2.27% |
| Duration | 0.07 years |
| Expected rate of dividend | - |
| Risk-free interest rate | 1.1695% |
| Fair value of stock options granted | NT\$0.11 |

In the Black Scholes valuation model, the expected volatility is the share price in the sample range of the most recent period equivalent to the expected duration of the stock option, and is estimated by the standard deviation of the stock return in that period.

From January 1 to December 31, 2023, the Company recognized remuneration costs of NT\$23 thousand for the subsidiary's employee stock options program.

(2) Restricted stock awards

The extraordinary shareholders' meeting of Hua Hsu Silicon Materials Co., Ltd. decided on October 29, 2021 to issue new shares with restricted employee rights, with a total amount of NT\$20,000 thousand. The above resolution has taken effect after being filed with the FSC on June 9, 2022. The board of directors of Hua Hsu Silicon Materials Co., Ltd. approved the issuance of restricted stock awards on June 17, 2022 in the total amount of NT\$20,000 thousand. The par value per share is NT\$10, totaling 2,000,000 shares, and the issue price per share is NT\$0 (that is, stock dividends). The grant date and issue date was June 17, 2022, and the fair value of the stock on the grant date was NT\$29.47.

From January 1 to December 31, 2023 and 2022, the Company recognized remuneration costs of NT\$1,241 thousand and NT\$1,020 thousand, respectively, for the subsidiary's restricted stock awards program.

27. Information on cash flow

(1) Changes in liabilities from financing activities

January 1 to December 31, 2023

| | January 1, 2023 | Cash flow | Non-Cash Changes | | | December 31, 2023 |
|-------------------------|---------------------|-------------------|----------------------|---|-----------------------|---------------------|
| | | | Reduce lease | Interest expense and amortization of discount | Exchange rate changes | |
| Short-term borrowings | \$ 100,000 | \$ 180,845 | \$ - | \$ - | (\$ 481) | \$ 280,364 |
| Long-term borrowings | 406,250 | 437,143 | - | - | - | 843,393 |
| Corporate bonds payable | 339,406 | (339,406) | - | - | - | - |
| Lease liabilities | 162,265 | (20,476) | (98,714) | - | - | 43,075 |
| | <u>\$ 1,007,921</u> | <u>\$ 258,106</u> | <u>(\$ 98,714)</u> | <u>\$ -</u> | <u>(\$ 481)</u> | <u>\$ 1,166,832</u> |

January 1, 2022 to December 31, 2022

| | January 1, 2022 | Cash flow | Non-Cash Changes | | | December 31, 2022 |
|-------------------------|---------------------|-------------------------|--------------------|---|-----------------------|---------------------|
| | | | Increase in leases | Interest expense and amortization of discount | Exchange rate changes | |
| Short-term borrowings | \$ 1,443,023 | (\$ 1,338,420) | \$ - | \$ - | (\$ 4,603) | \$ 100,000 |
| Long-term borrowings | 531,250 | (125,000) | - | - | - | 406,250 |
| Corporate bonds payable | 335,058 | - | - | 4,348 | - | 339,406 |
| Lease liabilities | 192,280 | (30,431) | 416 | - | - | 162,265 |
| | <u>\$ 2,501,611</u> | <u>(\$ 1,493,851)</u> | <u>\$ 416</u> | <u>\$ 4,348</u> | <u>(\$ 4,603)</u> | <u>\$ 1,007,921</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

December 31, 2022

| Financial liabilities | Book value | Fair value | | | Total |
|---|-------------------|-------------------|-------------|-------------|-------------------|
| | | Level 1 | Level 2 | Level 3 | |
| Financial liabilities at amortized cost | | | | | |
| - Convertible corporate bonds | <u>\$ 339,406</u> | <u>\$ 339,360</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 339,360</u> |

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

The Company does not have assets that are not measured at fair value on a recurring basis. The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis is presented below:

1. Fair value hierarchy.

December 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---|-----------|------------|------------|------------|
| <u>Financial assets at fair value through profit or loss</u> | | | | |
| Funds | \$ 1,083 | \$ - | \$ 33,170 | \$ 34,253 |
| <u>Financial assets measured at fair value through other comprehensive income</u> | | | | |
| Investment in equity instruments | \$ 48,120 | \$ 127,200 | \$ 143,726 | \$ 319,046 |

December 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|-----------|------------|-----------|------------|
| <u>Financial assets at fair value through profit or loss</u> | | | | |
| Funds | \$ 882 | \$ - | \$ 32,678 | \$ 33,560 |
| <u>Financial assets measured at fair value through other comprehensive income</u> | | | | |
| Investment in equity instruments | \$ 85,849 | \$ 215,160 | \$ 60,134 | \$ 361,143 |

There was no transfer between Level 1 and Level 2 fair value measurements during 2023 and 2022.

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

2023

| | Assets | |
|---|---|---|
| | Measured at fair value through profit or loss | Measured at fair value through other comprehensive income |
| Balance at the beginning of the year | \$ 32,678 | \$ 60,134 |
| Recognized in profit or loss (under "Other gains and losses") | 492 | - |
| Recognized in other comprehensive income | - | (12,408) |

| | Assets | |
|--|---|---|
| | Measured at fair value through profit or loss | Measured at fair value through other comprehensive income |
| (“unrealized gains or losses on financial assets measured at fair value through other comprehensive income”) | | |
| Addition | - | 96,000 |
| Balance at the end of the year | <u>\$ 33,170</u> | <u>\$143,726</u> |

2022

| | Assets | |
|---|---|---|
| | Measured at fair value through profit or loss | Measured at fair value through other comprehensive income |
| Balance at the beginning of the year | \$ 26,284 | \$ 60,000 |
| Recognized in profit or loss (under “Other gains and losses”) | 6,394 | - |
| Recognized in other comprehensive income (“unrealized gains or losses on financial assets measured at fair value through other comprehensive income”) | - | 134 |
| Balance at the end of the year | <u>\$ 32,678</u> | <u>\$ 60,134</u> |

3. Valuation techniques and input values for Level 2 fair value measurement

| Type of financial instruments | Valuation techniques and input values |
|----------------------------------|--|
| Investment in equity instruments | Equity instruments measured at fair value through other comprehensive income or loss in Level 2 of the fair value hierarchy are subject to restrictions on transfer or sale, and their fair values are based on quoted prices in active markets for similar unrestricted equity instruments, after discounted prices taken into account. |

4. 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 and liabilities measured at fair value on a recurring basis within Level 3 of the fair value hierarchy:

December 31, 2023

| <u>Financial assets</u> | Valuation techniques | Significant Unobservable Input Values | Quantitative Information | Relationship between input value and fair value | Sensitivity analysis of the relationship between input value and fair value |
|-------------------------|----------------------|--|--------------------------|--|---|
| Funds | Asset method | Discount for lack of marketability and control | 30% | The higher the lack of marketability and control, the lower the estimated fair value | When the lack of marketability and control increased (decreased) by 1%, the Consolidated Company's profit or loss would have decreased/increased by NT\$474 thousand. |
| Stocks | Market method | Discount for lack of marketability and control | 30% | The higher the lack of marketability and control, the lower the estimated fair value | When the lack of marketability and control increased (decreased) by 1%, the Consolidated Company's other comprehensive income would have decreased/increased by NT\$1,216 thousand. |
| Stocks | Asset method | Discount for lack of marketability and control | 10% | The higher the lack of marketability and control, the lower the estimated fair value | When the lack of marketability and control increased (decreased) by 1%, the Consolidated Company's other comprehensive income would have decreased/increased by NT\$649 thousand. |

December 31, 2022

| <u>Financial assets</u> | Valuation techniques | Significant Unobservable Input Values | Quantitative Information | Relationship between input value and fair value | Sensitivity analysis of the relationship between input value and fair value |
|-------------------------|----------------------|--|--------------------------|--|---|
| Funds | Asset method | Discount for lack of marketability and control | 30% | The higher the lack of marketability and control, the lower the estimated fair value | When the lack of marketability and control increased (decreased) by 1%, the Consolidated Company's profit or loss would have decreased/increased by NT\$467 thousand. |
| Stocks | Asset method | Discount for lack of marketability and control | 10% | The higher the lack of marketability and control, the lower the estimated fair value | When the lack of marketability and control increased (decreased) by 1%, the Consolidated Company's other comprehensive income would have decreased/increased by NT\$668 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, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| <u>Financial assets</u> | | |
| Measured at fair value through profit or loss | | |
| Mandatorily measured at fair value through profit or loss | \$ 34,253 | \$ 33,560 |
| Financial assets at amortized cost (Note 1) | 2,207,827 | 2,392,180 |
| Financial assets measured at fair value through other comprehensive income | | |
| Investment in equity instruments | 319,046 | 361,143 |
| <u>Financial liabilities</u> | | |
| Measured at amortized cost (Note 2) | 1,481,365 | 1,184,309 |
| Financial liabilities for hedging | 615,782 | 439,979 |

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

Note 2: The balance consisted of financial liabilities measured at amortized cost, including short-term borrowings, notes payable, other payables, other payables – related party, bonds payable, long-term bank borrowings – current portion, corporate bonds, long-term borrowings, 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 to 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 Company's foreign currency receivables and payables are denominated in the same currency, in which case, a natural hedge is created. Currency swap contracts are adopted to manage the exchange rate risk arising from partial foreign currency payments. In addition, the net investment in foreign operations is a strategic investment and therefore the Company does not apply hedge accounting.

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 individual financial statements) and the carrying amounts of derivatives with exchange rate risk exposure as of the balance sheet date.

Sensitivity analysis

The Company is primarily affected by fluctuations in the exchange rates of USD, JPY and RMB.

The following table details the sensitivity analysis of the Consolidated Company when the exchange rate of the functional currency of each entity increases and decreases by 1% against each relevant foreign currency. One percent is the sensitivity rate used in reporting the exchange rate risk internally to the Consolidated Company's key management team and represents the management's assessment of the reasonable range of potential changes in foreign-currency exchange rates. The sensitivity analysis covered cash and cash equivalents, accounts receivable (including related party), other receivables (including related party), accounts payable (including related party), other payables (including related party), long-term and short-term borrowings (including related party), and financial liabilities for hedging. The table below shows the influence on profit and loss when the functional currency appreciated by 1% against each major foreign currency.

| | Impact of USD | | Impact of JPY | | Impact of CNY | |
|----------------|---------------|------------|---------------|---------|---------------|------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| profit or loss | (\$ 3,983) | (\$ 6,015) | \$ 799 | (\$ 13) | (\$ 8,246) | (\$ 3,249) |

(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, 2023</u> | <u>December 31, 2022</u> |
|-------------------------------|--------------------------|--------------------------|
| Fair value interest rate risk | | |
| - Financial assets | \$ 512,350 | \$ 540,087 |
| - Financial liabilities | 43,075 | 501,671 |
| Cash flow interest rate risk | | |
| - Financial assets | 504,846 | 683,943 |
| - Financial liabilities | 1,123,757 | 506,250 |

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 increased/decreased by 1%, with all other variables held constant, the Company's net income before tax would have increased/decreased by NT\$6,189 thousand, and decreased/increased NT\$1,777 thousand for 2023 and 2022, respectively.

(3) Other price risk

The fair values of the Company's TWSE/TPEX/emerging stock market-listed and unlisted equity securities and funds may be affected by the uncertainty of the future value of these underlying securities. The Company's TWSE/TPEX/emerging stock market-listed and unlisted equity securities and funds are included in the fair value measurement through profit or loss and fair value measurement through other

comprehensive income, respectively. 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

In 2023 and 2022, the Company's profit or loss would increase/decrease by NT\$3,425 thousand and NT\$3,356 thousand, respectively, if the price of fund investments in listed, OTC (emerging) and unlisted companies that are mandatorily measured at fair value through profit or loss increased/decreased by 10%. For the year ended December 31, 2023 and 2022, the Company's equity would have increased/decreased by NT\$31,905 thousand and NT\$36,114 thousand, respectively, if the prices of emerging stock market-listed and TWSE-/TPEX-listed equity securities and unlisted equity securities that are measured at fair value through other comprehensive income increased/decreased by 10%.

The Company entered into precious metal borrowing contracts with suppliers at prices based on international precious metal market quotations plus a margin. In order to manage the precious metal price risk of the inventory, the Company uses international precious metal borrowing contracts with the same nominal number as a fair value risk hedge for the components of precious metal price risk contained in the inventory. Based on historical experience, changes in the fair value of the designated components of precious metals price risk cover, on average, price changes in the contracts as a whole, and therefore market price risk is not material.

Hedge accounting

The Company uses precious metal borrowing contracts for fair value hedge to mitigate the risk of fair value of financial liabilities arising from changes in international precious metal prices. The fair value of precious

metal borrowing transactions as of the balance sheet date is estimated based on the market price of precious metals.

The aforementioned precious metal borrowing transactions are subject to the same conditions as the related financial liabilities. The Company uses a qualitative assessment to determine that the value of the precious metal borrowing transactions and the hedged financial liabilities will systematically change inversely due to changes in the prices of the hedged international precious metals. The hedge ineffectiveness of the hedge relationship arises primarily from the effect of the credit risk between the Company and the counterparty on the fair value of the precious metal borrowing transactions. This credit risk does not affect changes in the fair value of international precious metal prices attributable to the hedged item. There were no other sources of hedge ineffectiveness during the hedge period.

Information on the Company's international precious metals price risk hedge is summarized as follows:

December 31, 2023

| Hedging instruments | Contract amount | Expiration Period | Line item on the balance sheet | Book value | Change in fair value of hedging instruments used to assess hedge ineffectiveness during the year |
|-----------------------------------|-------------------|-------------------|-----------------------------------|-------------------|--|
| | | | | Liabilities | |
| Fair value hedge | | | | | |
| Precious metal borrowing contract | <u>\$ 628,021</u> | - | Financial liabilities for hedging | <u>\$ 615,782</u> | \$ 12,239 |

| Hedged items | Book value | Cumulative fair value adjustment | Change in value of hedged items used to assess hedge ineffectiveness during the year |
|------------------|------------|----------------------------------|--|
| | Assets | | Value changes |
| Fair value hedge | | | |
| Inventories | \$ 615,782 | (\$ 12,239) | (\$ 12,239) |

December 31, 2022

| Hedging instruments | Contract amount | Expiration Period | Line item on the balance sheet | Book value | Change in fair value of hedging instruments used to assess hedge ineffectiveness during the year |
|-----------------------------------|-------------------|-------------------|-----------------------------------|-------------------|--|
| | | | | Liabilities | |
| Fair value hedge | | | | | |
| Precious metal borrowing contract | <u>\$ 428,959</u> | - | Financial liabilities for hedging | <u>\$ 439,979</u> | (\$ 11,020) |

| | | | Change in value of hedged items used to assess hedge ineffectiveness during the year |
|------------------|------------|--|--|
| Hedged items | Book value | Cumulative fair value adjustment | Value changes |
| Fair value hedge | Assets | Assets | |
| Inventories | \$ 439,979 | \$ 11,020 | \$ 11,020 |

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 Group'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, 2023 and 2022, the percentages of receivables from the top ten customers to the Company's total receivables were 54% and 84%, 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 Group'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 and cash equivalents 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.

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, 2023

| | Less than 1 year | 1–3 years | 4–5 years | More than 5 years | Total |
|-------------------|---------------------|-------------------|-------------------|----------------------|---------------------|
| Accounts payable | \$ 349,366 | \$ - | \$ - | \$ - | \$ 349,366 |
| Borrowing | 329,907 | 102,637 | 124,945 | 566,703 | 1,124,192 |
| Lease liabilities | 14,685 | 29,182 | 288 | - | 44,155 |
| | <u>\$ 693,958</u> | <u>\$ 131,819</u> | <u>\$ 125,233</u> | <u>\$ 566,703</u> | <u>\$ 1,517,713</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 | \$ 329,907 | \$ 227,582 | \$ 566,703 | \$ - | \$ - | \$ - |
| Lease liabilities | 14,685 | 29,470 | - | - | - | - |
| | <u>\$ 344,592</u> | <u>\$ 257,052</u> | <u>\$ 566,703</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

December 31, 2022

| | Less than 1 year | 1–3 years | 4–5 years | More than 5 years | Total |
|-------------------|---------------------|-------------------|------------------|----------------------|---------------------|
| Accounts payable | \$ 212,572 | \$ - | \$ - | \$ - | \$ 212,572 |
| Borrowing | 244,403 | 67,074 | 35,714 | 142,857 | 490,048 |
| Corporate bonds | 339,700 | - | - | - | 339,700 |
| Lease liabilities | 33,021 | 65,996 | 51,359 | 18,480 | 168,856 |
| | <u>\$ 829,696</u> | <u>\$ 133,070</u> | <u>\$ 87,073</u> | <u>\$ 161,337</u> | <u>\$ 1,211,176</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 | \$ 244,403 | \$ 102,788 | \$ 89,286 | \$ 53,571 | \$ - | \$ - |
| Lease liabilities | <u>33,021</u> | <u>117,355</u> | <u>18,480</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 277,424</u> | <u>\$ 220,143</u> | <u>\$ 107,766</u> | <u>\$ 53,571</u> | <u>\$ -</u> | <u>\$ -</u> |

(2) Financing line limit

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Unsecured bank overdraft limit (revisited annually) | | |
| - Amount used | \$ 200,000 | \$ 100,000 |
| - Amount unused | <u>1,739,700</u> | <u>2,968,000</u> |
| | <u>\$ 1,939,700</u> | <u>\$ 3,068,000</u> |
| Secured bank overdraft limit | | |
| - Amount used | \$ 843,393 | \$ 406,250 |
| - Amount unused | <u>-</u> | <u>923,750</u> |
| | <u>\$ 843,393</u> | <u>\$ 1,330,000</u> |

30. Related party transactions

The parent company of the Company is Gigastorage Corporation, which directly and indirectly holds 38.07% and 38.36% of the Company's ordinary shares as of December 31, 2023 and 2022, respectively. Since the Gigastorage Corporation is a domestic listed company and the remaining shareholdings are widely dispersed, it is assessed that the Gigastorage Corporation still has control over the Company, considering the absolute number, relative size and distribution of voting rights held by other shareholders.

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> |
|---|--------------------------------------|
| Gigastorage Corporation | Parent company of the Company |
| Ho Mi Specialty Materials Corporation | Sister company |
| Whole Sun Green Power Co., Ltd. | Subsidiaries |
| Hua Hsu Silicon Materials Co., Ltd. | Subsidiaries |
| Green Energy Electrode Inc. | Subsidiaries |
| Eiwa Electric Power Co., Inc. | Subsidiaries |
| Yancheng Giga Solar Materials Corporation | Subsidiaries |
| Godo Kaisha Chiba 1 | Subsidiaries |
| Tron Energy Technology Corporation | Affiliated enterprise |
| Whole Max Green Power Co., Ltd. | Affiliated enterprise |

| <u>Name of related party</u> | <u>Relationship with the Company</u> |
|-----------------------------------|--------------------------------------|
| Lego Optoelectronics Co., Ltd. | Affiliated enterprise |
| Giga Solar Green Power Co., Ltd. | Affiliated enterprise |
| ACRO Biomedical Co. Ltd. | Affiliated enterprise |
| United Silicon Innovation Corp. | Affiliated enterprise |
| Long Time Tech. Co., Ltd. | Related party in substance |
| Shanggao Long Time Tech Co., Ltd. | Related party in substance |

(2) Sales revenues

| <u>Type/name of related party</u> | <u>2023</u> | <u>2022</u> |
|-----------------------------------|------------------|------------------|
| Subsidiaries | | |
| Yancheng Giga Solar | | |
| Materials Corporation | \$139,484 | \$214,183 |
| Related party in substance | 15,158 | 44,529 |
| Sister company | 39 | 263 |
| | <u>\$154,681</u> | <u>\$258,975</u> |

The sales prices of the Company for related parties are negotiated by both parties with reference to market conditions; the transaction term for some domestic clients (related parties) is 90 days after the end of each month, and 90 to 180 days after the end of each month for overseas clients; for non-related parties, it is 30 to 90 days after the end of each month for domestic clients, and 30 to 90 days after the end of each month for overseas clients. The Company's outstanding receivables from related parties are unsecured, interest-free, and should be paid in cash.

(3) Purchases

| <u>Type/name of related party</u> | <u>2023</u> | <u>2022</u> |
|-----------------------------------|-----------------|-----------------|
| Sister company | \$ 854 | \$ 2,321 |
| Related party in substance | 329 | 540 |
| Subsidiaries | 217 | 1,833 |
| | <u>\$ 1,400</u> | <u>\$ 4,694</u> |

The purchase price of the Company from a related party shall be negotiated by both parties with reference to the market situation. The payment terms for the Company to purchase goods from related parties are equivalent to those of ordinary manufacturers, and the payment period is 60–90 days.

(4) Receivables from related parties (excluding lending to related parties)

| Account item | Type/name of related party | December 31, 2023 | December 31, 2022 |
|----------------------|--|--|---|
| Accounts receivables | Subsidiaries Yancheng Giga Solar Materials Corporation Related party in substance | \$ 127,565 <u>3,794</u> <u>\$ 131,359</u> | \$ 161,016 <u>11,347</u> <u>\$ 172,363</u> |
| Other receivables | Subsidiaries Yancheng Giga Solar Materials Corporation Others Parent company Related party in substance Sister company Affiliated enterprise | \$ 172,470 2,220 1,100 100 4 2 <u>\$ 175,896</u> | \$ 426,455 55,137 1,229 200 8 3 <u>\$ 483,032</u> |

No guarantee was collected for the outstanding receivables from related parties. No allowance was provided for losses on receivables from related parties during 2022.

(5) Payables to related parties

| Account item | Type/name of related party | December 31, 2023 | December 31, 2022 |
|------------------|---|--|--|
| Accounts payable | Related party in substance Subsidiaries Yancheng Giga Solar Materials Corporation Sister company | \$ 305 215 <u>3</u> <u>\$ 523</u> | \$ - 1,144 <u>959</u> <u>\$ 2,103</u> |
| Other payables | Parent company Subsidiaries Affiliated enterprise | \$ 4,556 583 72 <u>\$ 5,211</u> | \$ 5,575 19 - <u>\$ 5,594</u> |

No collateral was provided for the outstanding balance of payables to related parties.

(6) Prepayments for equipment

| <u>Type/name of related party</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------------------|--------------------------|--------------------------|
| Related party in substance | | |
| Shanggao Long Time Tech Co., Ltd. | \$ <u>-</u> | \$ <u>1,308</u> |

(7) Property, plant and equipment acquired

| <u>Type/name of related party</u> | <u>Acquisition price</u> | |
|-----------------------------------|--------------------------|-------------|
| | <u>2023</u> | <u>2022</u> |
| Related party in substance | | |
| Shanggao Long Time Tech Co., Ltd. | \$ <u>1,308</u> | \$ <u>-</u> |

(8) Disposal of property, plant and equipment

| <u>Type/name of related party</u> | <u>Proceeds from disposal</u> | | <u>Gain on disposal</u> | |
|-----------------------------------|-------------------------------|-------------|-------------------------|-------------|
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| Sister company | \$ <u>300</u> | \$ <u>-</u> | \$ <u>175</u> | \$ <u>-</u> |

(9) Lease agreements

| <u>Account item</u> | <u>Type/name of related party</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------------|-----------------------------------|--------------------------|--------------------------|
| Lease liabilities | Parent company | \$ <u>694</u> | \$ <u>106,073</u> |

| <u>Type/name of related party</u> | <u>2023</u> | <u>2022</u> |
|-------------------------------------|------------------|------------------|
| <u>Interest expense</u> | | |
| Parent company | \$ <u>594</u> | \$ <u>1,690</u> |
| <u>Lease expense</u> | | |
| Parent company | \$ <u>9,374</u> | \$ <u>2,166</u> |
| <u>Rental income</u> | | |
| Subsidiaries | | |
| Hua Hsu Silicon Materials Co., Ltd. | \$ 8,213 | \$ 7,810 |
| Others | 71 | 405 |
| Parent company | <u>4,110</u> | <u>3,613</u> |
| | \$ <u>12,394</u> | \$ <u>11,828</u> |

(10) Lending to related parties

| <u>Type/name of related party</u> | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Subsidiaries | | |
| Yancheng Giga Solar Materials Corporation | \$441,354 | \$110,200 |
| Godo Kaisha Chiba 1 | <u>80,364</u> | <u>-</u> |
| | \$ <u>521,718</u> | \$ <u>110,200</u> |

Interest income

| Type/name of related party | 2023 | 2022 |
|---|-----------------|---------------|
| Subsidiaries | | |
| Yancheng Giga Solar Materials Corporation | \$ 3,144 | \$ 355 |
| Godo Kaisha Chiba 1 | 479 | - |
| | <u>\$ 3,623</u> | <u>\$ 355</u> |

The Company's lending to its subsidiaries are all unsecured loans, and the interest rates are close to the market interest rates. Such loans are expected to be recovered within one year, and there is no expected credit loss after assessment.

(11) Borrowings from related parties

| Type/name of related party | December 31, 2023 | December 31, 2022 |
|-------------------------------|-------------------|-------------------|
| Subsidiaries | | |
| Eiwa Electric Power Co., Inc. | <u>\$ 80,364</u> | <u>\$ -</u> |

Interest expense

| Type/name of related party | 2023 | 2022 |
|-------------------------------|---------------|-------------|
| Subsidiaries | | |
| Eiwa Electric Power Co., Inc. | <u>\$ 498</u> | <u>\$ -</u> |

The interest rate of the Company's borrowings from related parties is equivalent to the market interest rate.

(12) Endorsements and guarantees

| Type/name of related party | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Subsidiaries | | |
| Yancheng Giga Solar Materials Corporation | | |
| Guarantee amount | <u>\$346,160</u> | <u>\$ -</u> |
| Actual amounts drawn | <u>\$194,715</u> | <u>\$ -</u> |

(13) Others

Other transactions between the Company and the parent company are summarized as follows:

| Item | 2023 | 2022 |
|--------------------|-----------|-----------|
| Utilities expenses | \$ 11,187 | \$ 11,338 |
| Other expenses | 2,979 | 4,583 |
| Other income | 2,165 | 2,399 |
| Service expenses | 389 | 2,838 |

Other transactions between the Company and the sister companies are summarized as follows:

| Item | 2023 | 2022 |
|--------------|-------|--------|
| Other income | \$ 55 | \$ 131 |

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

| Item | December 31, 2023 | December 31, 2022 |
|-------------------|-------------------|-------------------|
| Deposits received | \$ 1,350 | \$ 1,350 |

| Item | 2023 | 2022 |
|---------------------|----------|----------|
| Other income | \$ 3,290 | \$ 1,126 |
| Other expenses | 1,047 | 185 |
| Interest income | 61 | - |
| Interest expense | 20 | 11 |
| Payments for others | 17 | 4 |
| Temporary debits | - | 2 |

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

| Item | 2023 | 2022 |
|----------------|--------|--------|
| Other income | \$ 139 | \$ 354 |
| Other expenses | 71 | - |

Other transactions between the Company and related parties in substance are summarized as follows:

| Item | 2023 | 2022 |
|----------------|--------|--------|
| Other income | \$ 571 | \$ 571 |
| Other expenses | - | 10 |

(14) Salary for key management

| | 2023 | 2022 |
|------------------------------|------------------|------------------|
| Short-term employee benefits | \$ 14,042 | \$ 15,102 |
| Post-employment benefits | 402 | 399 |
| | <u>\$ 14,444</u> | <u>\$ 15,501</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 and tariff guarantees for imported raw materials or performance:

| | December 31, 2023 | December 31, 2022 | Content of secured debts |
|---|----------------------|----------------------|-----------------------------|
| Property, plant and equipment | \$ 1,312,909 | \$ 476,900 | Bank borrowings |
| Pledged time deposits (recognized in other financial assets – non-current) | 221,076 | - | Bank borrowings |
| Pledged time deposits (recognized in other financial assets – non-current) | <u>14,929</u> | <u>15,827</u> | Customs bonds |
| | <u>\$ 1,548,914</u> | <u>\$ 492,727</u> | |

32. Significant Contingent Liabilities and Unrecognized Contract Commitments

The Company's major commitments and contingencies on the balance sheet date are as follows:

- (1) On November 8, 2017, the Company's board of directors resolved a decision to merge with E.I. du Pont de Nemours and Company entered into a non-exclusive patent license agreement and paid a license fee to obtain a patent license related to solar conductive plasma.

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:

December 31, 2023

| | Foreign currency | Exchange rate | Book value |
|-------------------------------------|---------------------|---------------|--------------|
| <u>Foreign-currency assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD | \$ 40,903 | 30.705 | \$ 1,255,927 |
| JPY | 6,206 | 0.2172 | 1,348 |
| RMB | 190,680 | 4.327 | 825,072 |
| <u>Foreign-currency liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD | 27,391 | 30.705 | 841,041 |
| JPY | 374,091 | 0.2172 | 81,253 |
| RMB | 104 | 4.327 | 450 |

December 31, 2022

| | Foreign currency | Exchange rate | Book value |
|-------------------------------------|---------------------|---------------|--------------|
| <u>Foreign-currency assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD | \$ 40,600 | 30.710 | \$ 1,246,826 |
| JPY | 6,086 | 0.2324 | 1,414 |
| RMB | 74,099 | 4.408 | 326,628 |
| <u>Foreign-currency liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD | 21,015 | 30.710 | 645,370 |
| JPY | 426 | 0.2324 | 99 |
| RMB | 400 | 4.408 | 1,763 |

The foreign currency exchange gains (losses) (realized and unrealized) of the Company amounted to NT\$(11,145) thousand and NT\$96,133 thousand in 2023 and 2022, respectively. Due to the wide variety of the functional currencies of the group entities with foreign currency transaction, it is not possible to disclose the exchange gains or losses by each currency of significant impact.

34. Additional Disclosures

(1) Information on major transactions and (2) 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. (None)
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 4)
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more. (Exhibit 5)
9. Engagement in derivative transactions. (None)

10. Information on Investees (Exhibit 6)
- (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 7)
 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. (Exhibit 8)

Giga Solar Materials Corporation
Lending funds to others
January 1 to December 31, 2023

Units: NTD thousands, unless otherwise stated

Exhibit 1

| 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 | The Company | Yancheng Giga Solar Materials Corporation | Other receivables (Note 1) | Yes | \$ 163,835 (CNY 37,863) | \$ - | \$ - | - | Business dealings | \$ 139,484 | - | \$ - | None | \$ - | \$ 139,484 (Note 2) | \$ 2,655,803 (Note 2) | - |
| 1 | Whole Sun Green Power Co., Ltd. | Yancheng Giga Solar Materials Corporation | Other receivables | Yes | 661,512 (CNY 152,880) | 599,411 (CNY 138,528) | 599,411 (CNY 138,528) | 0%~2.5% | Short-term financial accommodation | - | To meet the operational needs of subsidiary | - | None | - | 663,950 (Note 2) | 2,655,803 (Note 2) | - |
| | | Godo Kaisha Chiba I | Other receivables | Yes | 80,364 (JPY 370,000) | 80,364 (JPY 370,000) | 80,364 (JPY 370,000) | 2.5% | Short-term financial accommodation | - | To meet the operational needs of subsidiary | - | None | - | 663,950 (Note 2) | 2,655,803 (Note 2) | - |
| | | Sunshine Solar Power Generation Co., Inc. | Other receivables | Yes | 477,526 (USD 15,552) | 448,970 (USD 14,622) | 448,970 (USD 14,622) | 2% | Short-term financial accommodation | - | To meet the operational needs of subsidiary | - | None | - | 603,793 (Note 3) | 603,793 (Note 3) | - |
| | | Godo Kaisha Chiba I | Other receivables | Yes | 84,708 (JPY 390,000) | 84,708 (JPY 390,000) | 84,708 (JPY 390,000) | 2%~3% | Short-term financial accommodation | - | To meet the operational needs of subsidiary | - | None | - | 603,793 (Note 3) | 603,793 (Note 3) | - |
| 2 | Green Energy Electrode Inc. | Yancheng Green Energy Electrode Corp. | Other receivables | Yes | 113,800 (CNY 26,300) | 113,800 (CNY 26,300) | 113,800 (CNY 26,300) | 1% | Short-term financial accommodation | - | To meet the operational needs of subsidiary | - | None | - | 59,333 (Notes 7 and 9) | 118,666 (Note 7) | - |
| | | Green Energy Electrode,Inc. | Other receivables | Yes | 43,270 (CNY 10,000) | - | - | 1% | Short-term financial accommodation | - | To meet the operational needs of subsidiary | - | None | - | 59,333 (Note 7) | 118,666 (Note 7) | - |
| 3 | Green Energy Electrode,Inc. | Yancheng Green Energy Electrode Corp. | Other receivables | Yes | 43,270 (CNY 10,000) | - | - | 1% | Short-term financial accommodation | - | To meet the operational needs of subsidiary | - | None | - | - | - | - |
| 4 | Wisdom Field Limited | Sunshine Solar Power Generation Co., Inc. | Other receivables | Yes | 153,525 (USD 4,880) | 149,840 (USD 4,880) | 149,840 (USD 4,880) | 2% | Short-term financial accommodation | - | To meet the operational needs of subsidiary | - | None | - | 157,716 (Note 3) | 157,716 (Note 3) | - |
| 5 | Merchant Energy PTE., Ltd. | Sunshine Solar Power Generation Co., Inc. | Other receivables | Yes | 92,115 (USD 3,000) | 35,311 (USD 1,150) | 35,311 (USD 1,150) | 2% | Short-term financial accommodation | - | To meet the operational needs of subsidiary | - | None | - | 38,511 (Note 3) | 38,511 (Note 3) | - |
| 6 | Eiwa Electric Power Co., Inc. | Giga Solar Materials Corporation | Other receivables | Yes | 80,364 (JPY 370,000) | 80,364 (JPY 370,000) | 80,364 (JPY 370,000) | 2.5% | Short-term financial accommodation | - | To meet the operational needs | - | None | - | 786,220 (Note 12) | 786,220 (Note 12) | - |
| 7 | Suzhou Giga Solar Materials Corporation | Yancheng Giga Solar Materials Corporation | Other receivables | Yes | 64,905 (CNY 15,000) | 64,905 (CNY 15,000) | 64,905 (CNY 15,000) | - | Short-term financial accommodation | - | To meet the operational needs | - | None | - | 69,681 (Note 5) | 69,681 (Note 5) | - |
| 8 | Hua Hsu Silicon Materials Co., Ltd. | Yancheng Giga Diamond Materials Corporation | Other receivables | Yes | 224,147 (USD 7,300) | 162,737 (USD 5,300) | 162,737 (USD 5,300) | 1% | Short-term financial accommodation | - | To meet the operational needs of subsidiary | - | None | - | 438,056 (Note 4) | 438,056 (Note 4) | - |
| 9 | Yancheng Giga Solar Materials Corporation | Tron Giga (Yancheng) Energy Co., Ltd. | Other receivables (Note 1) | Yes | 17,005 (CNY 3,930) | - | - | - | Short-term financial accommodation | - | Note 1 | - | None | - | 70,960 (Note 10) | 709,602 (Note 10) | - |
| 10 | Chongqing Shin Tsai New Material Technology Co., Ltd. | Yancheng Green Energy Electrode Corp. | Other receivables (Note 1) | Yes | 45,073 (CNY 10,417) | 45,073 (CNY 10,417) | 45,073 (CNY 10,417) | - | Short-term financial accommodation | - | Note 1 | - | None | - | 70,960 (Note 10) | 709,602 (Note 10) | - |
| | | Yancheng Green Energy Electrode Corp. | Other receivables | Yes | 84,377 (CNY 19,500) | 43,270 (CNY 10,000) | 43,270 (CNY 10,000) | - | Short-term financial accommodation | - | To meet the operational needs | - | None | - | 177,391 (Note 5) | 177,391 (Note 5) | - |

- 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.
- 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 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.
- 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.
- Note 5: The total amount of funds lending by Suzhou Giga Solar Materials Corporation and Chongqing Shin Tsai New Material Technology Co., Ltd. shall be limited to no more than 100% of its most recent net worth. The amount of individual funds lending to overseas companies in which the Company and the parent company directly or indirectly holds 100% of its voting shares is limited to 100% 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 the Company's 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 = 4.327 NTD; 1 USD = 30.705 NTD; 1 JPY = 0.2172 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 amounts of NT\$12,505 thousand and NT\$2,620 thousand were recognized as other receivables due to the fact that the receivables of Yancheng Giga Solar Materials Corporation from the Company exceeded a certain period of normal credit extension period, and the loan nature was approved by the board meetings on January 19, 2024 and March 15, 2024, respectively.
- Note 9: The capital loan and ending balance exceeded the limit; the subsidiary Green Energy Electrode Inc. formulated an improvement plan on March 27, 2024 which has been approved by the board meeting, and will complete the improvement according to the planned schedule.
- Note 10: The total amount of funds loaned by Yancheng Giga Solar Materials Corporation shall not exceed 100% of the Company's net worth in the most recent period. To other parties, it shall not exceed 10% of the most recent net worth.
- Note 11: The total amount of funds lending shall not exceed 60% 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 40% 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 12: The total amount of funds lending by the Company 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.

Giga Solar Materials Corporation
Endorsement and guarantee for others
January 1 to December 31, 2023

Exhibit 2 Units: NTD thousands, unless otherwise stated

| Number | 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 endorsement and guarantee to net worth of the most recent financial statements (%) | Limit for Maximum Endorsement and Guarantee | Parent company endorsement and guarantee for subsidiary | Subsidiary endorsement and guarantee for parent company | Endorsement and guarantee for Mainland China | Remarks |
|--------|---|---|--------------|---|---|---|----------------------|---|---|---|---|---|--|---------|
| | | Company name | Relationship | | | | | | | | | | | |
| 0 | The Company | Yancheng Giga Solar Materials Corporation | 2 | \$ 6,639,509 (Note 1) | \$ 346,160 | \$ 346,160 | \$ 194,715 | \$ 221,076 | 5.21 | \$ 6,639,509 | Y | — | Y | — |
| 1 | Hua Hsu Silicon Materials Co., Ltd. | Yancheng Giga Diamond Materials Corporation | 2 | 1,095,141 (Note 1) | 186,061 | 186,061 | 43,270 | 43,560 | 16.99 | 1,095,141 | Y | — | Y | — |
| 2 | Green Energy Electrode Inc. | Yancheng Green Energy Electrode Corp. | 2 | 296,666 (Note 1) | 43,270 | 43,270 | 43,270 | 51,924 | 14.59 | 296,666 | Y | — | Y | — |

Note 1: According to the “Operating Procedures for Endorsements and Guarantee” of Giga Solar Materials Corporation, Hua Hsu Silicon Materials Co., Ltd., and Green Energy Electrode Inc., 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 Solar Materials Corporation, Hua Hsu Silicon Materials Co., Ltd., or Green Energy Electrode Inc. The total endorsements/guarantees by Giga Solar Materials Corporation, Hua Hsu Silicon Materials Co., Ltd. or Green Energy Electrode Inc. to external entities shall not exceed 100% of the net worth of the Company.

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 = 4.327 NTD; 1 USD = 30.705 NTD; 1 JPY = 0.2172 NTD).

Giga Solar Materials Corporation

Marketable securities held at the end of the period

December 31, 2023

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 (%) | Fair value |
| The Company | Funds | TIEF Fund, L.P. | — | Financial assets at fair value through profit or loss – non-current | 1,540,000 | \$ 33,170 | 7.45 | \$ 33,170 |
| | Funds | Yuantai/P-shares Taiwan Top 50 ETF | — | Financial assets at fair value through profit or loss – non-current | 8,000 | 1,083 | - | 1,083 |
| | Stocks | Long Time Tech. Co., Ltd. | — | Financial assets measured at fair value through other comprehensive income – non-current | 8,005,000 | 175,320 | 6.71 | 175,320 |
| | Stocks | Yusheng Energy Co., Ltd. | — | Financial assets measured at fair value through other comprehensive income – non-current | 6,462,000 | 58,414 | 14.25 | 58,414 |
| | Stocks | Big Sun Energy Technology Inc. | — | Financial assets measured at fair value through other comprehensive income – non-current | 2,250,000 | - | 0.51 | - |
| | Stocks | Foresight Energy Technology | — | Financial assets measured at fair value through other comprehensive income – non-current | 3,200,000 | 85,312 | 6.15 | 85,312 |
| Green Energy Electrode Inc. | Stocks | Phoenix Battery Corporation | — | Financial assets measured at fair value through other comprehensive income – non-current | 500,000 | 15,375 | 0.79 | 15,375 |

Note 1: The marketable securities listed above were not guaranteed or pledged for borrowing or otherwise restricted by contract as of December 31, 2023.

Note 2: For information on investment in subsidiaries and affiliated companies, please refer to Exhibits 6 and 7.

Giga Solar Materials 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, 2023

Exhibit 4

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 | Balance | As a percentage of total notes and accounts receivable (payable) | |
| The Company | Yancheng Giga Solar Materials Corporation | Affiliates of the Company | Sales | \$ 139,484 | 7.32% | Monthly settlement 120–180 days | \$ - | \$ 127,565 | 26.39% | — |

Giga Solar Materials Corporation

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more.

December 31, 2023

Exhibit 5

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> The Company | Yancheng Giga Solar Materials Corporation | Affiliates of the Company | \$ 741,389 | 3.41 次 | \$ 170,562 | Ongoing Collections | \$ 104,828 | \$ - |
| Hua Hsu Silicon Materials Co., Ltd. | Yancheng Giga Diamond Materials Corporation | Affiliates of the Company | 309,876 | - | 147,139 | Ongoing Collections | 365 | - |
| Yancheng Giga Solar Materials Corporation | Yancheng Giga Diamond Materials Corporation | Affiliates of the Company | 118,171 | - | - | — | - | - |
| Green Energy Electrode Inc. | Yancheng Green Energy Electrode Corp. | Affiliates of the Company | 119,122 | - | - | — | - | - |
| Whole Sun Green Power Co., Ltd. | Sunshine Solar Power Generation Co., Inc. | Affiliates of the Company | 474,927 | - | - | — | - | - |
| Wisdom Field Limited (Samoa) | Sunshine Solar Power Generation Co., Inc. | Affiliates of the Company | 164,096 | - | - | — | - | - |

Giga Solar Materials Corporation
Name of investee, location, etc.
January 1 to December 31, 2023

Units: NTD thousands, unless otherwise stated

Exhibit 6

| 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 | | | |
| The Company | Whole Sun Green Power Co., Ltd. | Hukou Township, Hsinchu County Mauritius | Solar Energy Related Business | \$ 2,723,842 | \$ 2,723,842 | 126,516,924 | 100% | \$ 1,509,483 | \$ 57,121 | \$ 57,121 | — |
| | Giga Solar Materials Corporation (Mauritius) | | General investment | 788,490 | 788,490 | 25,900,000 | 100% | 808,880 | (63,446) | (64,428) | (Note 6) |
| | Tron Energy Technology Corporation | Zhongli District, Taoyuan City | Electric buses, diesel buses/battery systems/energy storage systems | 461,875 | 461,875 | 6,244,989 | 10.40% | 260,035 | (344,140) | (45,037) | (Note 6) |
| | ACRO Biomedical Co. Ltd. | Luzhu District, Kaohsiung City | Manufacturing and wholesale of medical devices | 58,493 | 80,700 | 2,900,000 | 4.74% | 68,141 | (31,579) | (3,063) | (Note 2) |
| | Hua Hsu Silicon Materials Co., Ltd. | Xitun District, Taichung | Manufacturing of metal wire products, manufacturing of electronic components, trading and other related businesses | 817,507 | 686,063 | 41,500,972 | 34.03% | 382,079 | (381,253) | (131,478) | (Note 6) |
| Green Energy Electrode Inc. Whole Sun Green Power Co., Ltd. | Green Energy Electrode Inc. | Hukou Township, Hsinchu County Samoa | Manufacturing and trading of energy materials | 459,276 | 459,276 | 22,588,759 | 52.81% | 157,027 | (293,991) | (155,489) | — |
| | Green Energy Electrode, Inc. | Fukushima Prefecture, Japan | General investment | 176,342 | 176,342 | 6,000,000 | 100% | (190,540) | (272,616) | (Note 3) | — |
| | Eiwa Electric Power Co., Inc. | | Solar Energy Related Business | 15,070 | 15,070 | - | 100% | 79,677 | 23,021 | (Note 3) | — |
| | Godo Kaisha Best Solar | Chiba Prefecture, Japan | Solar Energy Related Business | 44,939 | 44,939 | - | (Note 1) | 39,178 | 8,448 | (Note 3) | — |
| | Godo Kaisha Chiba 1 | Wakayama, Japan | Solar Energy Related Business | 96,328 | 96,328 | - | (Note 1) | 58,203 | (16,264) | (Note 3) | — |
| Wisdom Field Limited (Samoa) Merchant Energy PTE., Ltd. | Godo Kaisha Merchant Energy NO.8 | Fukushima Prefecture, Japan | Solar Energy Related Business | 69,325 | 69,325 | - | (Note 1) | 137,892 | 51,510 | (Note 3) | — |
| | Wisdom Field Limited (Samoa) | Samoa | General investment | 1,173,221 | 1,173,221 | 37,110,000 | 100% | 394,293 | (4,792) | (Note 3) | — |
| | Merchant Energy PTE., Ltd. | Singapore | General investment | 876,296 | 876,296 | 28,100,000 | 87% | 83,763 | (14,509) | (Note 3) | — |
| Hua Hsu Silicon Materials Co., Ltd. | Sunshine Solar Power Generation Co., Inc. | Philippines | Solar Energy Related Business | 814,827 | 814,827 | - | 39.93% | (47,733) | (16,794) | (Note 3) | — |
| | Giga Diamond Materials Corporation (Seychelles) | Seychelles | General investment | 652,782 | 652,782 | 21,200,000 | 100% | (350,351) | (164,944) | (Note 3) | — |

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: The Company invested in the shares in ACRO Biomedical Co. Ltd. in March 2022 with an expectation to make profits in the long term. It initially elected to designate said investment as measured at fair value through other comprehensive income. As the Company has served as a corporate director of ACRO Biomedical Co. Ltd. since June 24, 2022, it has gained a significant influence on the latter, so said investment is accounted for using the equity method.

Note 3: Gains or losses on investments in these companies are included in the investment gain or loss of the subsidiaries.

Note 4: 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 5: Please refer to Exhibit 7 for information on investees in Mainland China.

Note 6: 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.

Giga Solar Materials Corporation
Information on investment in mainland China
January 1 to December 31, 2023

Units: NTD thousands, unless otherwise stated

Exhibit 7

| 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) | End of the period Book value | 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) | (\$ 9,049) | 100% | (\$ 8,856) | \$ 69,203 | \$ - | (Note 2) |
| Yancheng Giga Solar Materials Corporation | Photovoltaic process testing and technical services, etc. | 861,430 (USD 22,900+ CNY 35,000) (Note 5) | Indirectly invested through an invested enterprise in the third region (Mauritius) | 701,130 (USD 22,900) | - | - | 701,130 (USD 22,900) | (49,072) | 100% | (49,072) | 709,603 | - | (Notes 2 and 7) |
| Yancheng Giga Diamond Materials Corporation | Manufacturing and sale of wire materials, etc. | 652,782 (USD 21,200) | Indirectly invested through an invested enterprise in the third region (Mauritius) | 652,782 (USD 21,200) | - | - | 652,782 (USD 21,200) | (164,944) | 100% | (162,242) | (338,877) | - | (Notes 2 and 8) |
| Yancheng Green Energy Electrode Corp. | 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 (Seychelles) | 176,342 (USD 6,000) | - | - | 176,342 (USD 6,000) | (272,616) | 100% | (272,616) | (190,547) | - | (Note 2) |
| Chongqing Shin Tsai New Material Technology Co., Ltd. | Lithium battery material manufacturing, research and development, and lithium-ion battery technology development and consulting services | 180,210 (USD 6,000) | Direct invest in mainland China | - | 180,210 (USD 6,000) | - | 180,210 (USD 6,000) | 950 | 100% | 950 | 177,391 | - | - |
| 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) | - | - | - | - | (11,260) | 49% | (5,517) | 33,381 | - | - |
| Nantong Exojet Electronics Co., Ltd. | Manufacturing and sales of thick film materials for passive components | — | Direct invest in mainland China | 154,128 (USD 5,000) | - | 154,128 (USD 5,000) | - | - | - | - | - | - | (Note 9) |

| 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 | \$995,498 (USD25,900+CNY45,437) | \$1,074,158 (USD35,331) | \$ 3,983,705 |
| Hua Hsu Silicon Materials Co., Ltd. | 652,782 (USD21,200) | 652,782 (USD21,200) | 657,084 |
| Green Energy Electrode Inc. | 356,552 (USD12,000) | 356,552 (USD12,000) | 177,999 |

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.

(Continued on next page)

(Continued from previous page)

- 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 1:30.705
- Note 5: RMB 35,000 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 has 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: RMB 10,437 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 has 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: The Company was approved by the Investment Commission, Ministry of Economic Affairs, in February 2022 to invest US\$8 million in Yancheng Giga Solar Materials Corporation with its own funds through Giga Solar Materials Corporation (Mauritius), an investee in a third region, and the investment was completed.
- Note 8: Hua Hsu Silicon Materials Co., Ltd., a subsidiary of the Company, was approved by the Investment Commission, Ministry of Economic Affairs, in March 2022 to invest US\$2 million in Yancheng Giga Diamond Materials Corporation with its own funds through Giga Diamond Materials Corporation (Seychelles), an investee in a third region, and the investment was completed in April 2022.
- Note 9: The liquidation of Nantong Exojet Electronics Co., Ltd. was completed on December 28, 2022, and an investment amount of 12,462 thousand CNY was recovered on January 13, 2023.

Giga Solar Materials Corporation
Information on major shareholders
December 31, 2023

Exhibit 8

| Name of major shareholder | Shares | |
|-------------------------------------|-----------------------|--------------|
| | Number of shares held | Shareholding |
| Gigastorage Corporation | 34,982,909 shares | 38.07% |
| Hong-Yang Venture Capital Co., Ltd. | 9,265,098 shares | 10.08% |
| Sincere Holding Company | 4,686,000 shares | 5.09% |

Note 1: The major shareholders in this table are shareholders holding at least 5% of the ordinary and preference shares (including treasury shares) with dematerialized registration and delivery completed on the last business day of the quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered with registration of dematerialized securities completed as a result of different bases of preparation.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their shares in a trust and shares with the right to make decisions on trust property, please refer to the MOPS.

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Giga Solar Materials Corporation
Schedule of cash and cash equivalents
December 31, 2023

Schedule 1

Units: NTD thousands, unless otherwise
stated

| Item | Abstract | Amount |
|---------------------------------------|---|------------------|
| Cash on hand and petty cash | | \$ 562 |
| Demand deposits | | 176,152 |
| Demand deposits in foreign currencies | Including US\$8.069 thousand (exchange rate of 1 USD: 30.705 NTD), 18,400 thousand CNY (exchange rate of 1 CNY : 4.3270 NTD), and 6,011 thousand JPY (exchange rate 1 JPY : 0.2172 NTD) | 328,694 |
| Cash equivalents | | |
| Time deposits in foreign currencies | Including US\$9,000 thousand (exchange rate of 1 USD: 30.705 NTD), due in January 2024 at an interest rate of 5.25%~5.28%. | <u>276,345</u> |
| | | <u>\$781,753</u> |

Giga Solar Materials Corporation
Schedule of accounts receivable
December 31, 2023

Schedule 2

Unit: NTD thousand

| Customer name | Amount |
|---|--------------------|
| Not-related party | |
| Customer A | \$173,138 |
| Customer B | 58,872 |
| Customer C | 53,298 |
| Customer D | 47,733 |
| Customer E | 32,845 |
| Customer F | 30,511 |
| Others (Note 1) | 128,426 |
| Less: allowance for doubtful accounts | (<u>173,156</u>) |
| | <u>351,667</u> |
| Related party | |
| Yancheng Giga Solar Materials Corporation | 127,565 |
| Other related party (Note 1) | 3,832 |
| Less: allowance for doubtful accounts | (<u>38</u>) |
| | <u>131,359</u> |
| | <u>\$483,026</u> |

Note 1: The balance of each party does not exceed 5% of the balance of the account.

Note 2: An allowance for losses on overdue accounts receivable of NT\$173,194 thousand has been provided.

Giga Solar Materials Corporation

Schedule of inventories

December 31, 2023

Schedule 3

Unit: NTD thousand

| Item | Amount | |
|-----------------|------------------|----------------------|
| | Costs | Net realizable value |
| Raw materials | \$694,937 | \$704,625 |
| Work in process | 12,668 | 13,156 |
| Finished goods | 8,725 | 9,010 |
| Merchandise | <u>3</u> | <u>5</u> |
| | <u>\$716,333</u> | <u>\$726,796</u> |

Giga Solar Materials Corporation

Schedule of Financial assets at fair value through profit or loss – non-current
January 1 to December 31, 2023

Schedule 4

Units: NTD thousands, unless otherwise stated

| Investee name | Balance at the beginning of the year | | Increase in the year | | Decrease in the year | | Gains (losses) on financial assets | Balance at the end of the year | | Provision of guaranteee 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 | None | |
| TIEF Fund, L.P. | - | \$ 32,678 | - | \$ - | - | \$ - | \$ 492 | - | 7.45 | \$ 33,170 | None | - |
| Yuanta/P-shares Taiwan Top 50 ETF | 8 | 882 | - | - | - | - | 201 | 8 | - | 1,083 | None | - |
| Total | | \$ 33,560 | | \$ - | | \$ - | \$ 693 | | | \$ 34,253 | | |

Giga Solar Materials Corporation

Schedule of Financial assets at fair value through other comprehensive income – non-current

January 1 to December 31, 2023

Schedule 5

Units: NTD thousands, unless otherwise stated

| Investee name | Balance at the beginning of the year | | Increase in the year | | Decrease in the year | | 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 | | |
| Long Time Tech. Co., Ltd. | 8,005 | \$ 296,483 | - | \$ - | - | \$ - | (\$ 121,163) | 8,005 | 6.71 | \$ 175,320 | None | - |
| Yusheng Energy Co., Ltd. | 6,000 | 60,134 | 462 | - | - | - | (1,720) | 6,462 | 14.25 | 58,414 | None | - |
| Big Sun Energy Technology Inc. | 2,250 | - | - | - | - | - | - | 2,250 | 0.51 | - | None | - |
| TSEC CORPORATION | 131 | 4,526 | 147 | 3,984 | (278) | (8,339) | (171) | - | - | - | None | - |
| Foresight Energy Technology | - | - | 3,200 | <u>96,000</u> | - | <u>-</u> | (<u>10,688</u>) | 3,200 | 6.15 | <u>85,312</u> | None | - |
| Total | | <u>\$ 361,143</u> | | <u>\$ 99,984</u> | | (<u>\$ 8,339</u>) | (<u>\$ 133,742</u>) | | | <u>\$ 319,046</u> | | |

Giga Solar Materials Corporation
Schedule of changes in investment accounted for using the equity method
January 1 to December 31, 2023

| | Balance at the beginning of the year | | Increase in the year | | Decrease in the year | | Exchange differences on translation of financial statements of foreign operations | | | | Changes in ownership interests in subsidiaries and associates | | Changes in associates accounted for using the equity method | | Unrealized valuation (gains) recognized using the equity method | | Impairment losses | | Adjustments to unrealized gain or loss | | Balance at the end of the year | | | Remarks | |
|--|--------------------------------------|--------------|---------------------------------|------------|---------------------------------|---------------|---|--------------------|-----------|--------|---|----------------|---|---|---|---|-------------------|---|--|----------------|--------------------------------|--------------|---------------|---------|--|
| | Number of shares (in thousands) | Amount | Number of shares (in thousands) | Amount | Number of shares (in thousands) | Amount | Investment income (loss) | foreign operations | (\$) | 16,343 | \$ | - | \$ | - | \$ | - | \$ | - | Number of shares (in thousands) | Shareholding % | Amount | Net equity | Pledge status | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |
| Whole Sun Green Power Co., Ltd. | 126,517 | \$ 1,468,705 | - | \$ - | - | \$ - | \$ 57,121 | (\$ 16,343) | \$ - | - | \$ - | - | \$ - | - | \$ - | - | \$ - | - | 126,517 | 100 | \$ 1,509,483 | \$ 1,509,483 | None | - | |
| Giga Solar Materials Corporation (Mauritius) | 25,900 | 890,893 | - | - | - | - | (63,510) | (15,387) | - | - | - | - | - | - | - | - | - | - | 25,900 | 100 | 811,996 | 811,996 | None | - | |
| Tron Energy Technology Corporation | 6,245 | 432,523 | - | - | - | - | (45,037) | (124) | - | - | (79) | (127,504) | 256 | - | - | - | - | - | 6,245 | 10.40 | 260,035 | 130,988 | None | - | |
| Hua Hsu Silicon Materials Co., Ltd. | 34,936 | 370,688 | 6,565 | 131,444 | - | (1,264) | (131,478) | 1,627 | 11,062 | - | - | - | - | - | - | - | - | - | 41,501 | 34.03 | 382,079 | 372,676 | None | - | |
| Green Energy Electrode Inc. | 22,589 | 308,880 | - | - | - | - | (155,489) | (500) | - | - | - | - | 4,136 | - | - | - | - | - | 22,589 | 52.81 | 157,027 | 156,669 | None | - | |
| ACRO Biomedical Co. Ltd. | 4,001 | 78,212 | - | - | (1,101) | (22,463) | (3,063) | (149) | - | - | 15,604 | - | - | - | - | - | - | - | 2,900 | 4.74 | 68,141 | 33,005 | None | - | |
| Unrealized profits on sales | - | (2,198) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (3,116) | - | None | - | |
| Total | | \$ 3,547,703 | | \$ 131,444 | | (\$ 23,727) | (\$ 341,456) | (\$ 30,876) | \$ 11,062 | | \$ 15,525 | (\$ 127,504) | \$ 4,392 | | (\$ 918) | | (\$ 918) | | | | \$ 3,185,645 | \$ 3,014,817 | | | |

Giga Solar Materials Corporation
Schedule of changes in accumulated depreciation of right-of-use assets
January 1 to December 31, 2023

Schedule 7

Unit: NTD thousand

| | Houses and buildings | Transportation equipment | Total |
|------------------------------------|-------------------------|-----------------------------|--------------------|
| Costs | | | |
| Balance on January 1, 2023 | \$ 248,613 | \$ 416 | \$ 249,029 |
| Disposal | (<u>164,254</u>) | <u>-</u> | (<u>164,254</u>) |
| Balance as of December 31, 2023 | <u>84,359</u> | <u>416</u> | <u>84,775</u> |
| Accumulated depreciation | | | |
| Balance on January 1, 2023 | 80,833 | 46 | 80,879 |
| Depreciation | 20,101 | 139 | 20,240 |
| Disposal | (<u>68,363</u>) | <u>-</u> | (<u>68,363</u>) |
| Balance as of December 31, 2023 | <u>32,571</u> | <u>185</u> | <u>32,756</u> |
| Net as of December 31, 2023 | <u>\$ 51,788</u> | <u>\$ 231</u> | <u>\$ 52,019</u> |

Giga Solar Materials Corporation
Schedule of short-term borrowings
December 31, 2023

Schedule 8

Units: NTD thousands, unless otherwise stated

| Name | Borrowing balance | Borrowing period | Interest range (%) | Circumstance of pledge and guarantee |
|------------------------------------|----------------------|-----------------------|-----------------------|--|
| Line of credit borrowings | | | | |
| Shin Kong Commercial Bank | \$ 100,000 | 2023.11.20~2024.01.20 | 1.830 | None |
| Taiwan Cooperative Bank | 50,000 | 2023.12.25~2024.03.25 | 2.002 | None |
| Chang Hwa Commercial Bank | 50,000 | 2023.11.20~2024.05.20 | 1.860 | None |
| Borrowings from related parties | | | | |
| Yonghe Branch, Taipower | <u>80,364</u> | 2023.10.03~2024.10.03 | 2.500 | None |
| | <u>\$ 280,364</u> | | | |

Note: As of December 31, 2023, the Company has unused short-term loan lines of NT\$1,739,700 thousand.

Giga Solar Materials Corporation

Schedule of accounts payable

December 31, 2023

Schedule 9

Unit: NTD thousand

| <u>Supplier name</u> | <u>Amount</u> |
|---|------------------|
| Not-related party | |
| Supplier A | \$205,347 |
| Others (Note) | <u>25,411</u> |
| | <u>230,758</u> |
| Related party | |
| Long Time Tech. Co., Ltd. | 305 |
| Yancheng Giga Solar Materials Corporation | 215 |
| Ho Mi Specialty Materials Corporation | <u>3</u> |
| | <u>523</u> |
| | <u>\$231,281</u> |

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

Giga Solar Materials Corporation
Schedule of long-term borrowings
December 31, 2023

Units: NTD thousands, unless otherwise stated

Schedule 10

| Creditor | Abstract | Balance at the end of the year | Borrowing period | Circumstance of provision of mortgage or guarantee |
|---|---------------------------------|--------------------------------|---------------------------------------|--|
| Bank borrowings | | | | |
| Secured loan from Chang Hwa Commercial Bank (Note 2) | Enrichment of operating capital | \$ 232,143 | November 15, 2021 – November 15, 2026 | The Company has provided land and plant buildings with the book value of NT\$312,861 thousand as collateral. |
| Secured loan from the Shanghai Commercial Bank (Note 3) | Enrichment of operating capital | 200,000 | 2022.06.21 - 2028.06.01 | The Company has provided land and plant buildings with the book value of NT\$839,500 thousand as collateral. |
| Secured loan from the Shanghai Commercial Bank (Note 3) | Enrichment of operating capital | 150,000 | December 22, 2023 - June 1, 2028 | The Company has provided land and plant buildings with the book value of NT\$839,500 thousand as collateral. |
| Secured loan from the Shanghai Commercial Bank (Note 3) | Enrichment of operating capital | 130,000 | August 18, 2023 - June 1, 2028 | The Company has provided land and plant buildings with the book value of NT\$839,500 thousand as collateral. |
| Secured loan from the Shanghai Commercial Bank (Note 3) | Enrichment of operating capital | 100,000 | June 1, 2022 - June 1, 2028 | The Company has provided land and plant buildings with the book value of NT\$839,500 thousand as collateral. |
| Secured loan from Taiwan Cooperative Bank (Note 1) | Enrichment of operating capital | 23,469 | March 7, 2019 – March 7, 2024 | The Company has provided land and plant buildings with the book value of NT\$160,548 thousand as collateral. |
| Secured loan from Taiwan Cooperative Bank (Note 1) | Enrichment of operating capital | <u>7,781</u> | March 7, 2019 – March 7, 2024 | The Company has provided land and plant buildings with the book value of NT\$160,548 thousand as collateral. |
| Portion due within one year | | 843,393 | | |
| | | (<u>49,107</u>) | | |
| | | <u>\$ 794,286</u> | | |

Note 1: The interest rate on bank loans as of December 31, 2023 was 1.843%.

Note 2: The interest rate on bank loans as of December 31, 2023 was 1.700%.

Note 3: The interest rate on bank loans as of December 31, 2023 was 1.800%.

Note 4: Note: As of December 31, 2023, the Company had no unused long-term loan lines.

Giga Solar Materials Corporation

Schedule of lease liabilities

December 31, 2023

Schedule 11

Units: Unless otherwise specified
NT\$ thousand

| <u>Name</u> | <u>Lease period</u> | <u>Discount rate</u> | <u>Amount</u> |
|--------------------------------------|----------------------------|----------------------|-------------------|
| Buildings | From 2021.06 to 2021.12 | 1.35% | \$ 42,842 |
| Transportation equipment | From 2022.9 to 2025.8 | 1.47% | <u>233</u> |
| Total | | | 43,075 |
| Less: Lease liabilities – current | | | (<u>14,134</u>) |
| Lease liabilities – non-current | | | <u>\$ 28,941</u> |

Giga Solar Materials Corporation
Schedule of operating revenues
January 1 to December 31, 2023

Schedule 12

Unit: NTD thousand

| Item | Quantity | Amount |
|------------------|---------------------|---------------------|
| Conductive paste | 49 thousand barrels | \$ 1,767,904 |
| Others | | <u>137,389</u> |
| | | <u>\$ 1,905,293</u> |

Giga Solar Materials Corporation

Schedule of operating costs

January 1 to December 31, 2023

Schedule 13

Unit: NTD thousand

| Item | Amount |
|---|---------------------|
| Merchandise | |
| Inventory at the beginning of the year | \$ - |
| Purchases during this year | 125 |
| Inventories at the end of the year | (3) |
| Cost of purchases and sales | <u>122</u> |
| Cost of goods sold for self-produced products | |
| Raw materials at the beginning of the year | 532,542 |
| Purchases during this year | 1,802,431 |
| Sales of raw materials | (155,239) |
| Transfer to expenses | (82,328) |
| Raw materials at the end of the year | (704,228) |
| Raw materials consumed during this year | 1,393,178 |
| Direct laborers | 22,502 |
| Manufacturing overheads | <u>193,975</u> |
| Manufacturing costs | 1,609,655 |
| Work in process at the beginning of the year | 10,824 |
| Transfer to expenses | (40,631) |
| Work in process at the end of the year | (14,388) |
| Cost of finished goods | <u>1,565,460</u> |
| Finished goods at the beginning of the year | 37,487 |
| Transfer to expenses | (2,740) |
| Finished goods at the end of the year | (9,220) |
| Cost of production and sales | <u>1,590,987</u> |
| Cost of raw materials sold | <u>155,239</u> |
| Gain on reversal of loss on decline in value of inventories | (1,471) |
| Income from sales of scraps | (4,104) |
| Others | <u>56,384</u> |
| Operating costs | <u>\$ 1,797,157</u> |

Giga Solar Materials Corporation
Schedule of operating expenses
January 1 to December 31, 2023

Schedule 14

Unit: NTD thousand

| Item | Marketing expenses | Administration expenses | R&D expenses |
|-----------------------------------|-----------------------|----------------------------|-------------------|
| Royalty expense | \$ 85,054 | \$ - | \$ 340 |
| Commissions expense | 46,609 | - | - |
| Sample expense | 12,124 | - | - |
| Salary expenses | 8,618 | 46,592 | 75,212 |
| Service expenses | 135 | 9,502 | 1,375 |
| Depreciation expense | - | 15,801 | 23,509 |
| Remuneration for directors | - | 3,020 | - |
| Experiment and testing expense | - | - | 63,369 |
| Utilities expenses | - | 963 | 14,123 |
| Others (Note) | <u>13,515</u> | <u>35,342</u> | <u>36,631</u> |
| | <u>\$ 166,055</u> | <u>\$ 111,220</u> | <u>\$ 214,559</u> |

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

Giga Solar Materials Corporation

Summary of employee benefits, depreciation and amortization expense by function incurred during the period

January 1 to December 31, 2023 and 2022

Schedule 15

Unit: NTD thousand

| | 2023 | | | 2022 | | |
|---------------------------------|---|--|-------------------|---|--|-------------------|
| | 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 | \$ 48,622 | \$ 130,422 | \$ 179,044 | \$ 46,611 | \$ 128,703 | \$ 175,314 |
| Employee insurance expenses | 5,464 | 11,468 | 16,932 | 5,311 | 11,488 | 16,799 |
| Pension | 2,380 | 5,898 | 8,278 | 2,298 | 5,602 | 7,900 |
| Remuneration for directors | - | 3,020 | 3,020 | - | 2,850 | 2,850 |
| Share-based payments | - | 1,264 | 1,264 | 4,328 | 22,642 | 26,970 |
| Other employee benefit expenses | <u>3,167</u> | <u>6,606</u> | <u>9,773</u> | <u>3,385</u> | <u>6,983</u> | <u>10,368</u> |
| | <u>\$ 59,633</u> | <u>\$ 158,678</u> | <u>\$ 218,311</u> | <u>\$ 61,933</u> | <u>\$ 178,268</u> | <u>\$ 240,201</u> |
| Depreciation expense | <u>\$ 57,211</u> | <u>\$ 39,310</u> | <u>\$ 96,521</u> | <u>\$ 43,723</u> | <u>\$ 38,242</u> | <u>\$ 81,965</u> |
| Amortization expenses | <u>\$ -</u> | <u>\$ 449</u> | <u>\$ 449</u> | <u>\$ -</u> | <u>\$ 282</u> | <u>\$ 282</u> |

Note 1: The number of employees was 243 and 234 for this year and the previous year, of which the number of directors who was not also employees was 10 for both years.

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\$924 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\$1,060 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\$768 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\$783 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 (1.92)% ("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 established an audit committee on June 2, 2015, so there were no supervisors in place during 2023 and 2022.

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- (5) Please state the Company's remuneration policy (including directors, managers, and employees):

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.